

ANNUAL REPORT 2008



**MALAYSIAN TIMBER CERTIFICATION COUNCIL**

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**MALAYSIAN TIMBER CERTIFICATION COUNCIL**

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## VISION

To be recognised as the leading timber certification organisation for tropical forests

## MISSION

To establish and operate a credible and internationally recognised national timber certification scheme towards promoting sustainable forest management in Malaysia

## CORPORATE PROFILE

The Malaysian Timber Certification Council (MTCC) is an independent organisation established in October 1998 to develop and operate the Malaysian Timber Certification Scheme (MTCS). Incorporated under the Companies Act 1965 as a company limited by guarantee, MTCC is governed by a Board of Trustees and started its operation in January 1999.

MTCC's main activities are to :

- Operate a voluntary national timber certification scheme, the MTCS
- Cooperate and liaise with the appropriate standards setting body in formulating standards related to timber certification and keeping them under review periodically
- Formulate procedures and guidelines for assessment of forest management and chain of custody\*
- Implement a system to monitor the operation of the MTCS, including appeals procedures, surveillance mechanism for periodic review of compliance by certified enterprises, and rules for the use and issuance of certificates\*
- Liaise closely with the national accreditation body and other certification organisations in matters related to timber certification
- Coordinate with national, regional and international bodies related to timber certification to facilitate cooperation and mutual recognition arrangements
- Conduct programmes to promote and publicise the MTCS, both locally and internationally

(\* Note: In line with the implementation of the new institutional arrangement for the MTCS on 1 July, MTCC has stopped performing some of these activities from this date)

## BOARD OF TRUSTEES

The Board of Trustees, comprising the Chairman and ten members, is the governing body which decides the overall policy and direction in carrying out MTCC's activities. The members comprise of two representatives each from the academic and research institutions, timber industry, social and environmental non-governmental organisations (NGOs) and government agencies.

The Board of Trustees in 2008:

### Chairman

Dato' Dr. Freezailah Che Yeom

### Members

- Nurmala Abd. Rahim Ministry of Plantation Industries and Commodities
- Letchumanan Ramatha Ministry of Natural Resources and Environment  
(up to 22 September 2008)
- Azhar Noraini Ministry of Natural Resources and Environment  
(w.e.f 23 September 2008)
- Dato' Dr. Abdul Razak Mohd. Ali Forest Research Institute Malaysia  
(up to 25 April 2008)
- Dato' Dr. Abdul Latif Mohmod Forest Research Institute Malaysia  
(w.e.f 26 April 2008)
- Jayl Langub Universiti Malaysia Sarawak
- Tan Chin Tong Malaysian Nature Society
- Dr. Henry Chok Sabah Environmental Protection Association
- Ding Seling Orang Ulu National Association
- Dr. Banabas Tapin Kadazandusun Cultural Association
- Ir. Hj. Wahid Jaafar Persatuan Pengusaha-Pengusaha Kayu-Kayan dan  
Perabot Bumiputera Malaysia
- Datuk James Hwong Sabah Timber Industries Association



Dato' Dr. Abdul Latif  
Mohmod



Nurmala Abd. Rahim



Dato' Dr. Freezailah  
Che Yeom



Azhar Noraini



Jayl Langub



Tan Chin Tong



Ding Seling



Ir. Hj. Wahid Jaafar



Datuk James Hwong



Dr. Henry Chok



Dr. Banabas Tapin







The Board of Trustees held four meetings in 2008 as follows:

Thirty-Fifth Meeting – 28 February in Kuala Lumpur

Thirty-Sixth Meeting – 12 May in Kota Kinabalu

Thirty-Seventh Meeting – 18 August in Kuala Lumpur

Thirty-Eighth Meeting – 18 November in Kuala Lumpur



*Thirty-Fifth Meeting of Board of Trustees*



*Thirty-Sixth Meeting of Board of Trustees*



*Thirty-Seventh Meeting of Board of Trustees*



*Thirty-Eighth Meeting of Board of Trustees*

## INVESTMENT COMMITTEE

The Investment Committee oversees the overall implementation of MTCC's investment policy, particularly in the management of the Endowment Fund. The Committee is also responsible for the formulation of policies and procedures on matters related to the establishment of the Fund.

The Investment Committee in 2008:

Dato' Dr. Freezailah Che Yeom (Chairman)

Nurmala Abd. Rahim - Ministry of Plantation Industries and Commodities

Mustafar Taib - Ministry of Finance

Chew Lye Teng - CEO

## ANNUAL GENERAL MEETING

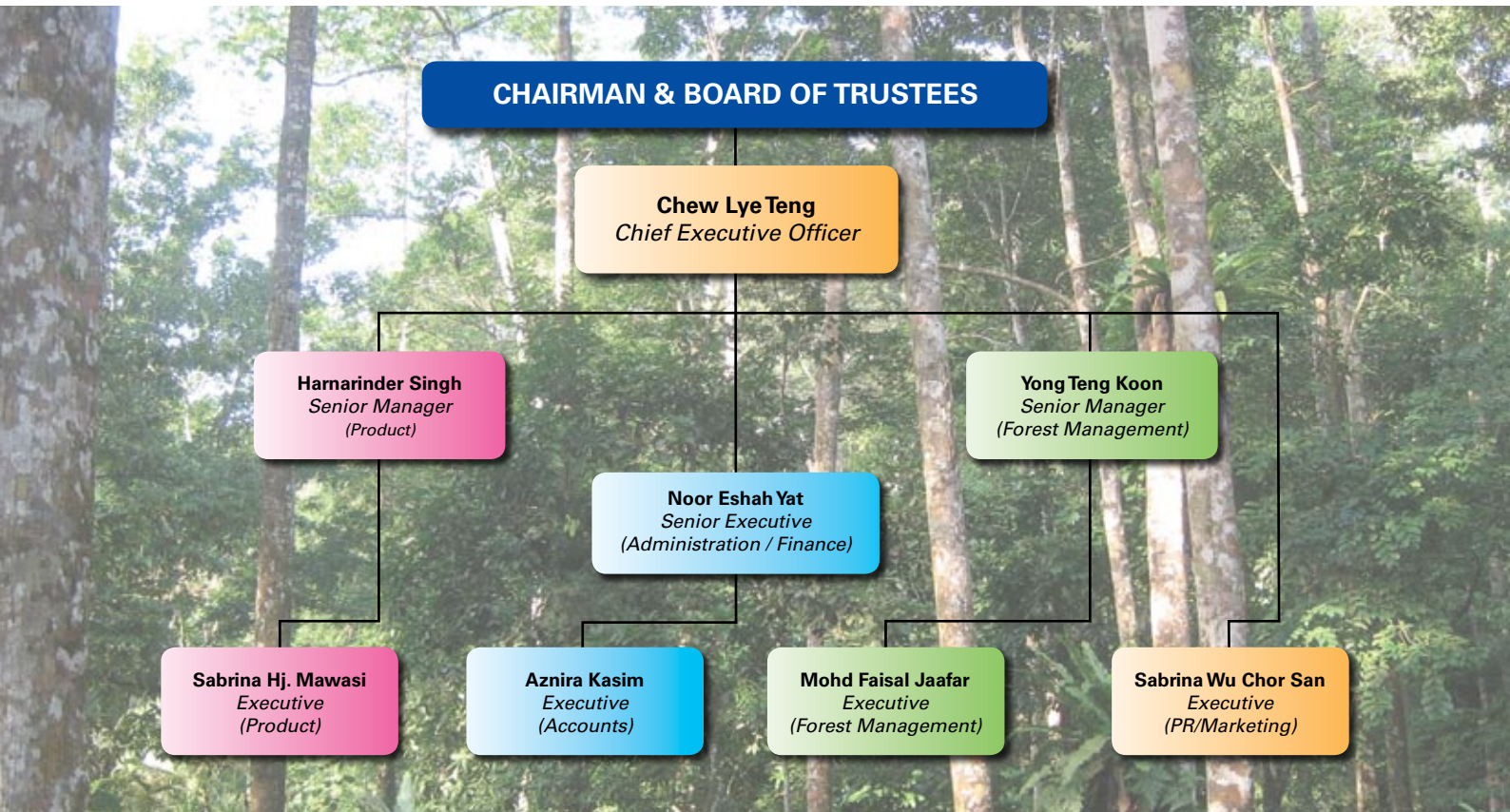
The Ninth Annual General Meeting was held on 27 August in Kuala Lumpur during which the Audited Accounts for the Financial Year ended 31 December 2007, Reports of the Trustees and Auditors, and Annual Report for the Year 2007, were tabled and adopted by the Members.



*Ninth Annual General Meeting*

## ORGANISATION STRUCTURE

### MANAGEMENT TEAM



**Sitting left to right:** Harnarinder Singh, Chew Lye Teng, Yong Teng Koon

**Standing left to right:** Sabrina Mawasi, Sabrina Wu, Mohd Faisal Jaafar, Noor Eshah Yat, Aznira Kasim



## NOTIFICATION COMMITTEE

In line with the implementation of the new institutional arrangement for the MTCS with effect from 1 July, a Notification Committee was established to replace the Certification Committee, since MTCC was no longer involved in evaluating the assessment reports and in making decisions related to the issuance of certificates. The decision to establish the Notification Committee was made during the Thirty-Seventh Meeting of the Board of Trustees held on 18 August.

The Notification Committee is responsible for the following functions:

- (i) To consider and decide on applications from accredited Certification Bodies (CBs) to become notified CBs under the MTCS to operate forest management certification and/or chain of custody certification.
- (ii) To consider and decide on the suspension or withdrawal of any MTCS notification of CBs.
- (iii) To make recommendations to the Board on the fees to be paid by the MTCS-notified CBs.
- (iv) To consider and decide on applications from any MTCS certificate holders for a *Logo Usage Licence*.
- (v) To consider and decide on the suspension or withdrawal of the *Logo Usage Licence* issued to any MTCS certificate holder.
- (vi) To make recommendations to the Board on the fees to be paid by the MTCS certificate holders for the use of the MTCC Logo and PEFC Logo (once the MTCS has been endorsed by the PEFC Council).

Prior to the establishment of the Notification Committee, the Pro Tem Notification Committee met to consider and approve the applications from companies for notification so that MTCS-notified CBs could start to carry out audits of certification applicants with effect from 1 July. The decisions made by the Pro Tem Notification Committee were endorsed by the Thirty-Seventh Meeting of the Board of Trustees. Four meetings were held as follows:

First Pro Tem Meeting - 23 June	Third Pro Tem Meeting - 17 July
Second Pro Tem Meeting - 26 June	Fourth Meeting - 12 November

The Pro Tem Notification Committee/Notification Committee in 2008:

Chew Lye Teng (Chairman)  
Harnarinder Singh  
Yong Teng Koon

During the first six months of 2008, the Certification Committee met six times as follows:

Forty-Third Meeting – 18 January	Forty-Seventh Meeting – 24 April
Forty-Fourth Meeting – 29 January	Forty-Eighth Meeting – 4 June
Forty-Sixth Meeting – 7 March	Forty-Ninth Meeting – 30 June

## IN-HOUSE INVESTMENT COMMITTEE

The In-House Investment Committee monitors the implementation of the decisions of the Investment Committee, as well as formulates investment recommendations for the consideration of the Investment Committee.

The In-House Investment Committee in 2008:

Chew Lye Teng (Chairman)                      Yong Teng Koon  
Harnarinder Singh                                Noor Eshah Yat (Secretary)

Company Secretary	Company Auditors
Zainal Abidin Pit (MAICSA 7014057) ZAP Management Services Sdn. Bhd. 15B, 2 <sup>nd</sup> Floor, Jalan Tengku Ampuan Zabedah F9/F 40100 Shah Alam, Selangor	Moore Rowland (No. AF: 0539) Wisma Selangor Dredging 7 <sup>th</sup> Floor, South Block, 142-A, Jalan Ampang 50450 Kuala Lumpur



# CHAIRMAN'S



I am pleased to present MTCC's Annual Report for the year 2008 as it completed a decade of operational activities, given the mandate to plan, establish and implement a credible national timber certification scheme in 1999. The 2008 Annual Report is presented against a backdrop of ever-growing serious international concern to address the global forest crisis. Whilst considerable progress has been achieved in the sustainable management and certification of temperate and boreal forests, the situation with regards to tropical forests is less than encouraging. Illegal logging and trade in illegal timber is yet another serious problem.

The latest information indicates that some 330 million hectares of the world's forests have been certified as being sustainably managed. The contribution of tropical forests to this total, of 21.18 million hectares or 6%, is insignificant in spite of the concerted efforts of many tropical countries. Scientists believe that forest loss and degradation contribute to climate change with serious adverse implications on agricultural productivity and thus, most challenging to humankind with growing populations especially in many developing tropical countries. The loss of biodiversity is particularly worrisome for tropical forests where the bulk of the planet's biological capital is to be found. Not surprisingly, the whole world is brain-storming on how to meet these challenges for which the recent spate of changes and extremes of weather pattern, in terms of droughts, heavy rain spells and storms, seem to be occurring with increasing frequency. Another world summit, to discuss on how such challenges maybe addressed will be convened in Copenhagen in December 2009 at which the pursuit of sustainable forest management and certification will feature prominently.

Apart from ensuring that Malaysia's forests are managed sustainably through certification, MTCC's objective was also to implement a system that is credible and internationally accepted. Nevertheless, the need for pragmatism was appreciated from the very beginning; the complexity of tropical forests, institutional capacity and arrangements; state of knowledge etc must be taken into account in achieving the stated objectives. A phased approach was therefore adopted with MTCC playing more than one role. All these involved a steep learning curve on the part of MTCC, forest managers and all stakeholders. Also in the process, stakeholder consultations, a new experience for many of us, had to be convened to set standards and decide on certain issues

# STATEMENT

for which stakeholders often hold quite different views. However, hard work and dedication; understanding and appreciating each other's views; clarity on the complexities of the forest ecosystem and timber certification; and realisation that not all forestry problems may be solved through the process of certification, brought everyone to work together cooperatively.

The MTCC has come a long way since its small beginnings in 1999. The important milestones achieved during the year are highlighted in the *Review of Operations* by the Chief Executive Officer Mr. Chew Lye Teng. Much has been achieved, and hopefully we can begin 2009 with the PEFC endorsement of the MTCS. This will undoubtedly redound to the credit of the Ministry of Plantation Industries and Commodities, the Ministry of Natural Resources and Environment, the Trustees and Members of MTCC, the Forestry Departments of Sabah, Sarawak and Peninsular Malaysia, the Sarawak Forestry Corporation and all stakeholders for their guidance and support. It has been my pleasure to be involved with the work of MTCC since its inception and I must put on record my utmost gratitude to one and all. I must also acknowledge the hard work and dedication of the small MTCC secretariat ably led by its CEO.



**Dato' Dr. Freezailah Che Yeom**

Chairman

22 June 2009



# REVIEW OF



The year 2008 saw the implementation of a number of important measures related to the Malaysian Timber Certification Scheme (MTCS). In March, MTCC submitted its application to the PEFC Council for the endorsement of the MTCS by the Programme for the Endorsement of Forest Certification schemes (PEFC). As part of the endorsement process, the MTCS was subject to a 60-day public consultation stage and was also evaluated by the PEFC-appointed consultant who met with MTCC and also the various stakeholder groups in September. The final report of the consultant was submitted to the PEFC Board of Directors in December and the result of the application will be known in early 2009.

In July, the new institutional arrangement for the MTCS was implemented. Under this arrangement, only certification bodies (CBs) which had applied for accreditation by STANDARDS MALAYSIA, the national accreditation body, under the forest management accreditation programme based on ISO/IEC 17021:2006 were notified by MTCC, thus allowing holders of certificates issued by these CBs the right to use the MTCC Logo. For chain of custody, CBs accredited by STANDARDS MALAYSIA under ISO guides, such as Guide 62, 65 or 66 under other programmes, were notified by MTCC. With these measures, the CBs were able to start accepting applications for certification.

In addition, the MTCC-Hamburg joint project was brought to a successful conclusion with the holding of three regional workshops within Malaysia in February and March, and the final workshop in Hamburg in April. Following the workshop and subsequent discussions in Hamburg between the project partners, the Hamburg authority has decided to continue recognising the MTCS until 31 December 2009, and will grant full recognition when the MTCS is endorsed by the PEFC Council. The continued recognition allows MTCS-certified timber products to be used in public procurement activities and in building projects that are subsidised by the Hamburg authority.

In 2008, six FMUs were awarded the new *Certificate for Forest Management* for compliance with the MC&I(2002), bringing the total number to eight FMUs which have been certified under the MC&I(2002).

The number of holders of the MTCS *Certificate for Chain of Custody* increased from 113 to 136. 11 of the 23 certificates were issued by the notified-CBs to first-time certificate holders, while another eight certificates were issued to existing certificate holders which were assessed under the PEFC international chain of custody standard, i.e. Technical Document Annex 4, under the new institutional arrangement. A total of 81,399 cubic metres of MTCS-certified timber products were exported in 2008. This brought the cumulative total exported since July 2002 to 282,605 cubic metres. Albania, Ireland and Singapore were added to the list of countries importing MTCS-certified products, bringing the total number to 20.

# OPERATIONS

Another milestone in timber certification in Malaysia was achieved with the adoption of the MC&I(Forest Plantations) by the multi-stakeholder National Steering Committee (NSC) in November as the forest plantation management certification standard, following the field-testing of the draft standard in the three regions of Malaysia in June and July.

The promotional activities for the MTCS included MTCC's participation in the Malaysian Timber Seminar and Business Visit to Australia (Sydney and Melbourne), participation in international and local fairs, publication of six issues of the *MTCC News*, advertisements, articles and press releases, and presentations and briefing sessions.

As part of the process to encourage dialogue among the various stakeholder groups in dealing with issues related to sustainable forest management, MTCC helped to organise the third Malaysian Forest Dialogue (MFD) as a member of the Steering Committee for the MFD. The third MFD covered a wide range of topics pertaining to the Dialogue's theme of *Strategising Future Directions for the Timber Industry*. Among others, the MFD reiterated the importance of innovation and design, improvements in technology, energy efficiency, alternative resources, and the need to comply with new requirements in importing countries which may be linked to incentives as well as labour and environmental standards.

At the ASEAN level, the *Working Group on a Pan ASEAN Timber Certification Initiative* took a significant step forward in its efforts to encourage the implementation of timber certification using a phased approach when agreement was achieved, at its Seventh Meeting in April in Myanmar, on the two remaining elements to be included in the definition of legality of timber. With this decision, the six elements for legality of timber have been agreed at the ASEAN level and work can proceed to develop appropriate indicators for each agreed element, as well as to develop guidelines for chain of custody of legal and sustainable timber.

I am most grateful for the continued cooperation and support from the forest managers, timber companies, CBs, accreditation bodies, the forestry and timber related agencies and representatives of the environmental, social and economic stakeholder groups in Sabah, Sarawak and Peninsular Malaysia, related to the implementation of the various activities mentioned.

I wish to thank the Chairman and Board of Trustees, as well as the Members of MTCC, for their continued guidance and support to the MTCC management in operating and promoting the MTCS. Last but not least, I would like to thank my team - the MTCC managers, executives and supporting staff, for the diligence, commitment and good teamwork that they have shown throughout 2008 which has enabled the MTCC and the MTCS to achieve further progress and improvements.



**Chew Lye Teng**  
Chief Executive Officer  
22 June 2009



## OPERATIONS

### FOREST MANAGEMENT CERTIFICATION

Six FMUs, i.e. Kelantan, Anap-Muput, Perak, Kedah, Selangor and Terengganu FMUs were awarded with the *Certificate for Forest Management* against the requirements of the *MC&I(2002)* bringing to a total of eight FMUs covering 4,426,152 ha of Permanent Reserved Forests (PRFs) certified against the requirements of the *MC&I(2002)* under the MTCS as follows:

No.	FMU	Certificate Number	Issuance Date	Area of FMU (ha)
1.	Negeri Sembilan	FMC 007	30 August 2007	160,151
2.	Pahang	FMC 001	13 November 2007	1,519,107
3.	Kelantan	FMC 008	18 January 2008	629,687
4.	Perak	FMC 006	19 February 2008	880,388
5.	Anap-Muput (Sarawak)	FMC 010	19 February 2008	106,820
6.	Kedah	FMC 005	4 June 2008	342,613
7.	Selangor	FMC 002	30 June 2008	241,568
8.	Terengganu	FMC 003	30 June 2008	545,818
<b>Total Area Certified (ha)</b>				<b>4,426,152</b>

The Johor FMU was the only FMU in Peninsular Malaysia which was assessed to the requirements of the *MC&I(2002)* but was not issued with a *Certificate* due to the issuance of a Major Corrective Action Request (CAR).

The Sela'an-Linau FMU (FMC 009) located in Sarawak covering 55,949 ha remained the last FMU which is still certified against the requirements of the *MC&I(2001)*. The FMU was subjected to a surveillance audit on 18-21 June and was found to have continued its compliance with the requirements of the *MC&I(2001)*. However, in line with the implementation of the new institutional arrangement for the MTCS with effect from 1 July, no further surveillance audit will be conducted for this FMU against the *MC&I(2001)*. The Sela'an-Linau FMU has been requested to apply to a MTCS-notified CB for assessment against the requirements of the *MC&I(2002)*.



Establishment of skid trail in Compartment 89 Ulu Muda Forest Reserve in Kedah FMU in accordance with the Harvesting Plan



Auditor being briefed on alignment of skid trail during assessment of Anap Muput FMU



Presentation of MTCS Certificate to Negeri Sembilan and Pahang FMUs. The Certificates were presented by **Dato' Suboh b. Mohd Yassin**, Secretary General, Ministry of Natural Resources and Environment (fourth from left)



Presentation of MTCS Certificate to Kelantan, Perak, Kedah and Terengganu FMUs. The Certificates were presented by **Y. Bhg. Dato' Suboh b. Mohd Yassin**, Secretary General, Ministry of Natural Resources and Environment (fourth from left)

## CHAIN OF CUSTODY CERTIFICATION

The Certification Committee considered the applications and decided to award the *Certificate for Chain of Custody* against the *Requirements for Chain of Custody Certification (RCOC)* to the following 12 companies:

- Evergreen Industries Products Sdn. Bhd.
- Hang Tuah Furniture
- Sheng Foong Trading
- True Acclaim Sdn. Bhd.
- Trentim Wood Sdn. Bhd.
- Finewood Marketing (UK) Ltd.
- Perak Industrial Corporation Sdn. Bhd.
- Southern Asia Timber Sdn. Bhd.
- Jejaka Timber Enterprise Sdn. Bhd.
- Kilang Papan Low Fatt Sdn. Bhd.
- Tawau Plywood Manufacturing Sdn. Bhd.
- E.P.W. Sdn. Bhd.

Finewood Marketing (UK) Ltd. became the third timber company in Europe to be awarded the *Certificate for Chain of Custody*, after Société Forestière du Maine SA and its subsidiary J.P Beurier SAS of France.

### Holders of *Certificate for Chain of Custody* against *RCOC* issued by MTCC

No.	Company	Certificate Number	Issuance Date	Scope of Certification
1.	Bortim Sdn. Bhd., Petaling Jaya, Selangor	COC 001	3 November 2006	Sawn timber
2.	Mentakab Sawmill Sdn. Bhd., Temerloh, Pahang	COC 002	3 November 2006	Sawn timber
3.	United Trading & Sawmill Sdn. Bhd., Kuala Lipis, Pahang	COC 003	3 November 2006	Sawn timber
4.	Maran Road Sawmill Sdn. Bhd., Medan Pasar, Kuala Lumpur	COC 004	11 December 2006	Sawn timber, S4S timber and solid finger-jointed timber
5.	Pan Resources Sdn. Bhd., Petaling Jaya, Selangor	COC 005	8 November 2006	Sawn timber
6.	Mahawangsa Timber Industries Sdn. Bhd., Mentakab, Pahang	COC 006	30 November 2006	Sawn timber



No.	Company	Certificate Number	Issuance Date	Scope of Certification
7.	Kilang Papan Datuk Wan Ahmad (Raub) Sdn. Bhd., Raub, Pahang	COC 007	30 November 2006	Sawn timber
8.	Asrama Raya Sdn. Bhd., Medan Pasar, Kuala Lumpur	COC 008	8 November 2006	Sawn timber and S4S timber
9.	Lionex (M) Sdn. Bhd., Jalan Ipoh, Kuala Lumpur	COC 009	11 December 2006	Sawn timber
10.	Exsell Corporation Sdn. Bhd., Petaling Jaya, Selangor	COC 010	30 November 2006	Sawn timber
11.	Finewood Export Associates Sdn. Bhd., Jalan Kelang Lama, Kuala Lumpur	COC 011	3 November 2006	Sawn timber
12.	Arif Jasa Industries Sdn. Bhd., Kajang, Selangor	COC 012	11 December 2006	Sawn timber
13.	Arah Asia Sdn. Bhd., Raub, Pahang	COC 013	14 December 2001 ( <i>Certificate</i> suspended w.e.f. 26 October 2005 at company's request)	Sawn timber
14.	Pesaka Terengganu Berhad., Dungun, Terengganu	COC 014	11 December 2006	Sawn timber
15.	Leung Huat Timber Industries (M) Sdn. Bhd., Kuala Terengganu, Terengganu	COC 015	14 December 2001 ( <i>Certificate</i> expired on 13 December 2006; reassessed on 13-14 November 2008)	Sawn timber
16.	Besut Tsuda Industries Sdn. Bhd., Jerreh, Terengganu	COC 016	14 December 2001 ( <i>Certificate</i> suspended w.e.f. 26 October 2005 at company's request)	Sawn timber
17.	General Lumber Trading Sdn. Bhd., Shah Alam, Selangor	COC 017	12 April 2002 ( <i>Certificate</i> withdrawn w.e.f. 26 October 2005 at company's request)	Sawn timber
18.	Costraco Sdn. Bhd., Kelana Jaya, Selangor	COC 018	8 January 2007	Sawn timber & finger-jointed timber
19.	TSL Timber Sdn. Bhd., Kalumpang, Selangor	COC 019	8 January 2007	Sawn timber
20.	Jerreh Timber Enterprise Sdn. Bhd., Jerreh, Terengganu	COC 020	6 April 2007	Sawn timber
21.	Salak Soon Lee Sawmill Sdn. Bhd., Sepang, Selangor	COC 021	26 January 2007	Sawn timber
22.	Seng Peng Sawmill Sdn. Bhd., Gambang, Pahang	COC 022	8 January 2007	Sawn timber

No.	Company	Certificate Number	Issuance Date	Scope of Certification
23.	Lionvest Corporation Sdn. Bhd., Temoh, Perak	COC 023	3 November 2006	Sawn timber
24.	Suria Dayapi Timber Products Sdn. Bhd., Bukit Bandaraya, Kuala Lumpur	COC 024	3 November 2006	Sawn timber
25.	Sri Rawang Sdn. Bhd., Bukit Bandaraya, Kuala Lumpur	COC 025	12 April 2002 ( <i>Certificate</i> withdrawn w.e.f. 7 April 2004 at company's request)	Sawn timber
26.	Legend Wood Sdn. Bhd., Simpang Renggam, Johor	COC 026	28 March 2007	Sawn timber
27.	Aikbee Sawmill Sdn. Bhd., Jalan Kepong, Kuala Lumpur	COC 027	1 March 2003 ( <i>Certificate</i> expired on 28 February 2008)	Sawn timber
28.	Pesama Timber Corporation Sdn. Bhd., Kemaman, Terengganu	COC 028	8 January 2007	Sawn timber, solid wood moulding (including finger-jointed moulding)
29.	Gunung Seraya Wood Products Sdn. Bhd., Port Klang, Selangor	COC 029	13 April 2007	Sawn timber, solid wood moulding, finger-jointed timber and laminated timber
30.	Hang Tuah Sawmill Berhad, Bahau, Negeri Sembilan	COC 030	7 March 2008	Sawn timber
31.	Bormill Wood (Terengganu) Sdn. Bhd., Kuala Terengganu, Terengganu	COC 031	28 March 2007	Sawn timber, S4S and solid wood moulding
32.	PI.F. Sdn. Bhd., Taman Maluri, Kuala Lumpur	COC 032	6 October 2003 ( <i>Certificate</i> expired on 5 October 2008)	Sawn timber
33.	Straits Timber Products (Pahang) Sdn. Bhd., Lancang, Pahang	COC 033	8 November 2006	Solid wood moulding
34.	Yap Swee Thiam & Sons Industries Sdn. Bhd., Batu Caves, Selangor	COC 034	6 October 2003 ( <i>Certificate</i> suspended w.e.f. 26 October 2005)	Solid wood moulding, door sets, window sets, solid wood components for conservatories, garden furniture and components
35.	CHG Plywood Sdn. Bhd., Jalan Cheras, Selangor	COC 035	30 June 2008	Plywood and laminated veneer lumber



No.	Company	Certificate Number	Issuance Date	Scope of Certification
36.	Kilang Papan Bukit Emas Sdn. Bhd., Raub, Pahang	COC 036	3 November 2006	Sawn timber
37.	Victory Enterprise Sdn. Bhd., Klang, Selangor	COC 037	8 January 2007	Finger-jointed laminated core lumber, sawn timber, moulding and S4S (solid wood)
38.	Magna-Foremost Sdn. Bhd., Bintulu, Sarawak	COC 038	22 October 2003 ( <i>Certificate</i> expired on 21 October 2008; reassessed on 27 November 2008)	Moulded door skin (fibre product)
39.	Leong Seng Sawmill Sdn. Bhd., Kuantan, Pahang	COC 039	28 March 2007	Sawn timber
40.	Prominent Picture Frame Sdn. Bhd., Sungai Buloh, Selangor	COC 040	26 March 2004 ( <i>Certificate</i> suspended w.e.f. 19 February 2008)	Assembled picture frames
41.	Samling Plywood (Baramas) Sdn. Bhd., Miri, Sarawak	COC 041	31 March 2004	Plywood
42.	Papanjaya Sdn. Bhd., Semenyih, Selangor	COC 042	8 January 2007	Sawn timber
43.	Sim Seng Huat Timber Industries Sdn. Bhd., Klang, Selangor	COC 043	30 August 2007	Solid wood moulding including finger-jointed moulding, sawn timber
44.	Dyera Tim Sdn. Bhd., Ipoh, Perak	COC 044	18 June 2007	Sawn timber and solid wood moulding
45.	Guan Hin Sawmill & Hardware Sdn. Bhd., Chemor, Perak	COC 045	8 January 2007	Sawn timber
46.	Strategi Mutiara (M) Sdn. Bhd., Kuala Pilah, Negeri Sembilan	COC 046	5 July 2004	Garden furniture and furniture components
47.	Kwong Yuen Sang Sawmill Sdn. Bhd., Temoh, Perak	COC 047	28 March 2007	Sawn timber
48.	Low Fatt Wood Industries Sdn. Bhd., Hulu Terengganu, Terengganu	COC 048	24 April 2008	Sawn timber and solid wood mouldings
49.	Finewood Forest Products Sdn. Bhd., Klang, Selangor	COC 049	2 September 2004	Solid wood mouldings and joinery products

No.	Company	Certificate Number	Issuance Date	Scope of Certification
50.	Supreme Fame Sdn. Bhd., Kuantan, Pahang	COC 050	2 September 2004	Sawn timber and solid wood mouldings
51.	Lengkap Arif Sdn. Bhd., Seremban, Negeri Sembilan	COC 051	2 September 2004	Sawn timber
52.	Star Lumber Sdn. Bhd., Batu Caves, Selangor	COC 052	2 September 2004	Sawn timber
53.	Maica Wood Industries Sdn. Bhd., Kulim, Kedah	COC 053	18 October 2004 ( <i>Certificate withdrawn w.e.f. 16 March 2007 at company's request</i> )	Solid wood mouldings and laminated boards
54.	Kilang Papan Jendela Baru Sdn. Bhd., Sg. Siput, Perak	COC 054	13 April 2007	Sawn timber
55.	Zeng Lee Trading Sdn. Bhd., Ipoh, Perak	COC 055	18 October 2004	Sawn timber
56.	Ivory Pearl Sdn. Bhd., Chemor, Perak	COC 056	29 December 2004 ( <i>Certificate withdrawn w.e.f. 19 February 2008 at company's request</i> )	Solid wood doors and door frames
57.	Mediarex Sdn. Bhd., Klang, Selangor	COC 057	31 December 2004	Solid and finger-jointed mouldings, solid and finger-jointed S4S, graphic stand and picture frames, sawn timber
58.	Global Wood Products Sdn. Bhd., Klang, Selangor	COC 058	13 April 2007	Solid wood mouldings and S4S
59.	Yee Poh Timber Sdn. Bhd., Bandar Sri Damansara, Kuala Lumpur	COC 059	30 August 2007	Sawn timber
60.	Ekowood International Berhad, Gopeng, Perak	COC 060	17 February 2005	Engineered solid hardwood flooring
61.	Rosewood Corporation Sdn. Bhd., Jalan Pinang, Kuala Lumpur	COC 061	24 April 2008	Sawn timber
62.	Maju Weko Timber Industries Sdn. Bhd., Gerik, Perak	COC 062	18 June 2007	Sawn timber, solid wood mouldings and laminated timber
63.	Asia Plywood Company Sdn. Bhd., Sungai Petani, Kedah	COC 063	6 April 2007	Plywood
64.	Straits Timber Products Sdn. Bhd., Ipoh, Perak	COC 064	26 January 2007	Solid wood mouldings, door and window components, door frame components



No.	Company	Certificate Number	Issuance Date	Scope of Certification
65.	Select Door Industries Sdn. Bhd., Kota Samarahan, Sarawak	COC 065	17 February 2005 ( <i>Certificate withdrawn w.e.f. 14 February 2007 at company's request</i> )	Solid wood doors and door components
66.	Euro Asia Timber Export Sdn. Bhd., Petaling Jaya, Selangor	COC 066	20 December 2006	Sawn timber
67.	Timbertech Wood Industries Sdn. Bhd., Kuala Langat, Selangor	COC 067	6 April 2007	Sawn timber and solid wood mouldings (including S4S)
68.	Chye Hin Sawmill Sdn. Bhd., Ampang, Kuala Lumpur	COC 068	18 January 2008	Sawn timber
69.	Kim Ban Huat Sdn. Bhd., Rompin, Negeri Sembilan	COC 069	26 October 2005	Sawn timber
70.	R. J. Timur Sdn. Bhd., Kuching, Sarawak	COC 070	26 October 2005 ( <i>Certificate withdrawn w.e.f. 14 February 2007 at company's request</i> )	Sawn timber
71.	PTC Timber Sdn. Bhd., Cheras Kuala Lumpur	COC 071	6 April 2007	Sawn timber
72.	Firmwood Sdn. Bhd., Klang, Selangor	COC 072	26 October 2005	Sawn timber
73.	Shin Yang Plywood Sdn. Bhd., Miri, Sarawak	COC 073	28 March 2007	Plywood and laminated veneer lumber
74.	Zedtee Plywood Sdn. Bhd., Bintulu, Sarawak	COC 074	26 October 2005	Plywood
75.	Kim Teck Lee Timber Flooring Sdn. Bhd., Banting, Selangor	COC 075	6 July 2007	Solid wood flooring, finger-jointed and/or laminated wood moulding (flooring)
76.	Forescom Plywood Berhad, Bintulu, Sarawak	COC 076	26 October 2005	Plywood and veneer
77.	Shin Yang Plywood (Bintulu) Sdn. Bhd., Bintulu, Sarawak	COC 077	26 October 2005	Plywood
78.	Goodwood Resources Sdn. Bhd., Seremban, Negeri Sembilan	COC 078	13 December 2005	Laminated timber products
79.	Golden Pharos Doors Sdn. Bhd., Klang, Selangor	COC 079	13 December 2005	Engineered doors and door frames
80.	Besgrade Products Sdn. Bhd., Alor Setar, Kedah	COC 080	13 December 2005	Plywood
81.	Zhen Chen Thai Plywood Sdn. Bhd., Alor Setar, Kedah	COC 081	13 December 2005	Plywood

No.	Company	Certificate Number	Issuance Date	Scope of Certification
82.	Asiaprima Resources Sdn. Bhd., Mentakab, Pahang	COC 082	13 December 2005	Logs, sawn timber and sawmill off-cuts
83.	PIO Hardwoods (M) Sdn. Bhd., Jalan Ipoh, Kuala Lumpur	COC 083	13 December 2005	Sawn timber
84.	Kilang Papan Lim Ah Soon Sdn. Bhd., Beranang, Selangor	COC 084	7 February 2006	Sawn timber, finger-jointed and/or laminated moulding and timber, and sliced-laminated veneer
85.	Kim Teck Leong Import & Export Sdn. Bhd., Klang, Selangor	COC 085	3 March 2006	Sawn timber
86.	Komill Corporation Sdn. Bhd., Desa Sri Hartamas, Kuala Lumpur	COC 086	3 March 2006	Sawn timber, dressed timber, solid wood mouldings, and finger-jointed and laminated mouldings
87.	Mentakab Veneer & Plywood Sdn. Bhd., Mentakab, Pahang	COC 087	10 May 2006	Plywood
88.	Pekan Sawmill Sdn. Bhd., Kuantan, Pahang	COC 088	14 June 2006	Sawn timber
89.	Furni-World (Malaysia) Sdn. Bhd., Banting, Selangor	COC 089	14 June 2006	Solid wood outdoor furniture, furniture components and solid wood flooring
90.	Carl Ronnow (Malaysia) Sdn. Bhd., Kota Kinabalu, Sabah	COC 090	14 June 2006	Sawn timber
91.	Kim Hiap Seng Furniture Co. Sdn. Bhd., Bukit Rambai, Melaka	COC 091	14 June 2006	Solid wooden furniture and furniture components
92.	Wasaniaga Sdn. Bhd., Batu Pahat, Johor	COC 092	14 June 2006	Solid wooden furniture
93.	B.K.B. Hevea Products Sdn. Bhd., Ipoh, Perak	COC 093	8 November 2006	Three-layered solid wood parquet
94.	Société Forestière du Maine SA, Le Mans, France	COC 094	8 November 2006	Sawn timber
95.	J.P. Beurier SAS, Saone, France	COC 095	8 November 2006	Sawn timber
96.	Wood Village Industries Sdn. Bhd., Banting, Selangor	COC 096	8 November 2006	Solid wood moulding and furniture



No.	Company	Certificate Number	Issuance Date	Scope of Certification
97.	Lam Yang Furniture Manufacturer Sdn. Bhd., Klang, Selangor	COC 097	3 November 2006	Solid wood outdoor furniture
98.	Hok Lai Timber (M) Sdn. Bhd., Bidor, Perak	COC 098	3 November 2006	Sawn timber
99.	Plus Intervest Sdn. Bhd., Batu Kikir, Negeri Sembilan	COC 099	3 November 2006	Veneer and plywood
100.	YST & Sons Holdings Sdn. Bhd., Ulu Yam Baru, Selangor	COC 100	26 January 2007	Solid door and door frame, solid wood mouldings builders' carpentry and joinery
101.	Lee Wah Sawmill Sdn. Bhd., Gemas, Negeri Sembilan	COC 101	8 January 2007	Sawn timber
102.	World Parade Sdn. Bhd., Mentakab, Pahang	COC 102	18 June 2007	Sawn timber
103.	GL Wan Enterprise Sdn. Bhd., Kuala Besut, Terengganu	COC 103	18 June 2007	Sawn timber
104.	Seng Chap Wah Timber Merchant Sdn. Bhd., Jerantut, Pahang	COC 104	6 July 2007	Sawn timber
105.	Ah Hai Industries Sdn. Bhd., Parit Sulong, Johor	COC 105	30 August 2007	Sawn timber, solid wood mouldings, finger-jointed and laminated wood, door and window frames, and interior wood profiles
106.	Fast Orient Sdn. Bhd., Kota Kinabalu, Sabah	COC 106	30 August 2007	Sawn timber
107.	Blue Star Sawmill Sdn. Bhd., Karak, Pahang	COC 107	30 August 2007	Sawn timber and solid wood mouldings
108.	Planet Products Sdn. Bhd., Parit Sulong, Johor	COC 108	27 September 2007	Sawn timber, solid wood mouldings, finger-jointed and laminated timber, door and window frames and interior profiles
109.	Bukit Minda Sdn. Bhd., Gemas, Negeri Sembilan	COC 109	13 November 2007	Sawn timber
110.	H. T. Wood Creation Sdn. Bhd., Bukit Rambai, Melaka	COC 110	13 November 2007	Indoor and outdoor furniture
111.	Eco Lumber Sdn. Bhd., Ampang, Selangor	COC 111	13 November 2007	Sawn timber

No.	Company	Certificate Number	Issuance Date	Scope of Certification
112.	Thye Hing Sawmill Sdn. Bhd., Mentakab, Pahang	COC 112	13 November 2007	Sawn timber
113.	Gimzan Plywood Sdn. Bhd., Hulu Terengganu, Terengganu	COC 113	13 November 2007	Veneer & plywood
114.	Evergreen Industries Products Sdn. Bhd., Baling, Kedah	COC 114	29 January 2008	Sawn timber
115.	Hang Tuah Furniture, Bahau, Negeri Sembilan	COC 115	29 January 2008	Garden furniture
116.	Sheng Foong Trading, Tanjung Karang, Selangor	COC 116	7 March 2008	Sawn timber
117.	True Acclaim Sdn. Bhd, Cheras, Kuala Lumpur	COC 117	7 March 2008	Sawn timber
118.	Trentim Wood Sdn. Bhd., Kuala Terengganu, Terengganu	COC 118	7 March 2008	Sawn timber
119.	Finewood Marketing (UK) Ltd., East Sussex, United Kingdom	COC 119	19 February 2008	Hardwood sawn timber and mouldings
120.	Perak Industrial Corporation Sdn. Bhd., Sg. Siput, Perak	COC 120	24 April 2008	Sawn timber
121.	Southern Asia Timber Sdn. Bhd., Petaling Jaya, Selangor	COC 121	24 April 2008	Sawn timber
122.	Jejaka Timber Enterprise Sdn. Bhd., Gerik, Perak	COC 122	24 April 2008	Sawn timber
123.	Kilang Papan Low Fatt Sdn. Bhd, Ajil, Terengganu	COC 123	24 April 2008	Sawn timber
124.	Tawau Plywood Manufacturing Sdn. Bhd., Tawau, Sabah	COC 124	30 June 2008	Veneer & plywood
125.	E.P.W. Sdn. Bhd., Klang, Selangor	COC 125	30 June 2008	Sawn timber

In line with the new institutional arrangement beginning 1 July, MTCS-notified CBs started to issue the *Certificate for Chain of Custody* against the new standard used under the MTCS, i.e. PEFC Technical Document Annex 4: *chain of custody of Forest Based Products – Requirements*. A total of 19 certificates against the *PEFC Annex 4* were issued i.e. eight to existing certificate holders and 11 to new applicants.

**Holders of *Certificate for Chain of Custody* against PEFC Annex 4  
issued by MTCS-notified CBs**

No.	Company	Certificate Number	Issuance Date	Scope of Certification
1	Global Wood Products Sdn. Bhd., Pelabuhan Klang, Selangor	SGS-MTCS/ COC-0001	24 September 2008	Purchasing of MTCS certified sawn timber, processing and sales MTCS moulding products and customized timber profiles and garden furniture using physical separation method



No.	Company	Certificate Number	Issuance Date	Scope of Certification
2	Pan Resources Sdn. Bhd., Petaling Jaya, Selangor	SGS-MTCS/ COC-0002	24 September 2008	Trading of MTCS certified sawn timber sourced from MTCS certified suppliers using physical separation method
3	Jimwood Sdn. Bhd., Cheras, Kuala Lumpur	SGS-MTCS/ COC-0003	24 September 2008	Trading of MTCS certified sawn timber sourced from MTCS certified suppliers using physical separation method
4	Jasa Harapan Sdn. Bhd., Yong Peng, Johor	SGS-MTCS/ COC-0004	24 September 2008	Purchasing of MTCS certified sawn timber, manufacturing and sales of MTCS certified S4S timber and moulding products using physical separation method
5	Perkayuan Semhing Sdn. Bhd., Kuala Pilah, Negeri Sembilan	SGS-MTCS/ COC-0005	24 September 2008	Purchasing of MTCS certified logs, sawmilling and sales of MTCS certified sawn timber using physical separation method
6	Medan Agresif Sdn. Bhd., Gua Musang, Kelantan	SGS-MTCS/ COC-0006	24 September 2008	Purchasing of MTCS certified logs, sawmilling and sales of MTCS certified sawn timber using physical separation method
7	Finewood Export Associates Sdn. Bhd., Jalan Klang Lama, Kuala Lumpur	SGS-MTCS/ COC-0007	13 October 2008	Trading of MTCS certified sawn timber, sourced from MTCS certified suppliers using physical separation method
8	M-Forest Sdn. Bhd., Seri Kembangan, Selangor	SGS-MTCS/ COC-0008	13 October 2008	Purchasing of MTCS certified sawn timber, moulding and laminated lumber board, outsourced kiln drying and sales of MTCS sawn timber, moulding and laminated lumber board using physical separation method
9	Hian Yoon Timber Industries Sdn. Bhd., Tanah Merah, Kelantan	SGS-MTCS/ COC-0009	16 October 2008	Purchasing of MTCS certified logs, processing and sales of MTCS certified sawn timber using Physical Separation Method
10	Costraco Sdn. Bhd., Petaling Jaya, Selangor	SGS-MTCS/ COC-0010	17 October 2008	Purchasing and sales of MTCS certified sawn timber, solid finger-jointed and laminated finger-jointed beam using physical separation method
11	Euro-CGA Sdn. Bhd., Petaling Jaya, Selangor	SGS-MTCS/ COC-0011	17 October 2008	Purchasing of MTCS certified sawn timber, processing and sales of MTCS certified solid and laminated finger-jointed beams using physical separation method
12	Straits Timber Products (Pahang) Sdn. Bhd., Mentakab, Pahang	SGS-MTCS/ COC-0012	17 October 2008	Purchasing of MTCS certified sawn timber, manufacturing using physical separation method and sales of MTCS certified moulding products

No.	Company	Certificate Number	Issuance Date	Scope of Certification
13	Straits Timber Products Sdn. Bhd., Ipoh, Perak	SGS-MTCS/COC-0013	2 December 2008	Purchasing of MTCS certified sawn timber, manufacturing using physical separation system and sales of MTCS solid wood moulding products
14	Everdure Timber (M) Sdn. Bhd., Klang, Selangor	SGS-MTCS/COC-0014	2 December 2008	Trading of MTCS certified sawn timber sourced from MTCS certified suppliers using physical separation method
15	Poh Huat Furniture Industries (M) Sdn. Bhd., Muar, Johor	SGS-MTCS/COC-0015	2 December 2008	Purchasing of MTCS certified particleboard, fabricate using physical separation system and sales of MTCS certified office furniture products
16	Pekan Sawmill Sdn. Bhd., Kuantan, Pahang	SGS-MTCS/COC-0016	2 December 2008	Purchasing of MTCS certified logs, sawmilling using physical separation system and sales of MTCS certified sawn timber
17	Unsur Juta Sdn. Bhd., Tawau, Sabah	FCOC 001	24 December 2008	Trading of plywood, veneer and blockboard
18	Perak Industrial Corporation Sdn. Bhd., Sg. Siput, Perak	SGS-MTCS/COC-0017	30 December 2008	Purchase of MTCS certified logs, sawmilling using physical separation method and sales of MTCS certified sawn timber
19	Taiko Resources Sdn. Bhd., Shah Alam, Selangor	SGS-MTCS/COC-0018	30 December 2008	Trading of MTCS certified sawn timber sourced from MTCS certified suppliers, using physical separation method

Of the 19 certificate holders, five have entered into a *Logo Usage Licence Agreement* with MTCC and were issued the *Logo Usage Licence Number* as follows:

***Logo Usage Licence Number issued by MTCC***

No.	Company	Certificate Number	Logo Usage Licence Number
1	Pan Resources Sdn. Bhd., Petaling Jaya, Selangor	SGS-MTCS/COC-0002	MTCC/31-001
2	M-Forest Sdn. Bhd., Seri Kembangan, Selangor	SGS-MTCS/COC-0008	MTCC/31-002
3	Jimwood Sdn. Bhd., Cheras, Kuala Lumpur	SGS-MTCS/COC-0003	MTCC/31-003
4	Finewood Export Associates Sdn. Bhd., Jalan Klang Lama, Kuala Lumpur	SGS-MTCS/COC-0007	MTCC/31-004
5	Global Wood Products Sdn. Bhd., Pelabuhan Klang, Selangor	SGS-MTCS/COC-0001	MTCC/31-005

Hence, by the end of 2008, a total of 136 companies had been awarded the *Certificate for Chain of Custody*; 117 against the *RCOC* and 19 against the *PEFC Annex 4*.

## CERTIFICATION BODIES

Prior to the implementation of the new institutional arrangement, MTCC recognised the following CBs for forest management certification and chain of custody certification:

### CBs for Forest Management Certification

- SGS (Malaysia) Sdn. Bhd.
- SIRIM QAS International Sdn. Bhd.
- Moody International Certification (M) Sdn. Bhd.

### CBs for Chain of Custody Certification

- SGS (Malaysia) Sdn. Bhd.
- SIRIM QAS International Sdn. Bhd.
- Moody International Certification (M) Sdn. Bhd.
- Certification and Timber Grading Ltd. (United Kingdom)
- Control Union Certifications B.V (The Netherlands)

With the implementation of the new institutional arrangement, MTCC started to notify CBs for forest management certification and chain of custody certification. For forest management certification, MTCC notified the CBs that had applied to STANDARDS MALAYSIA under the accreditation programme for forest management certification. For chain of custody certification, MTCC notified the CBs which possess valid accreditation from STANDARDS MALAYSIA for operating quality management system (ISO 9000 against MS ISO Guide 62), environmental management system (ISO 14000 against MS ISO Guide 66) or product certification systems against (MS ISO/IEC Guide 65).

MTCC also decided that overseas-based CBs that are accredited against a chain of custody certification programme endorsed by the PEFC Council could apply for MTCS notification to conduct audits and surveillance visits against the *PEFC Annex 4*.

Two applications for MTCS notification as CBs operating forest management certification were approved by the Notification Committee.

### MTCS-notified CBs for Forest Management Certification

- SGS (Malaysia) Sdn. Bhd.
- SIRIM QAS International Sdn. Bhd.

Four applications for MTCS notification as CBs operating chain of custody certification were approved by the Notification Committee.

### MTCS-notified CBs for Chain of Custody Certification

- SGS (Malaysia) Sdn. Bhd.
- SIRIM QAS International Sdn. Bhd.
- Moody International Certification (M) Sdn. Bhd.
- Certification and Timber Grading Ltd., United Kingdom



## EXPORT OF MTCS-CERTIFIED TIMBER PRODUCTS

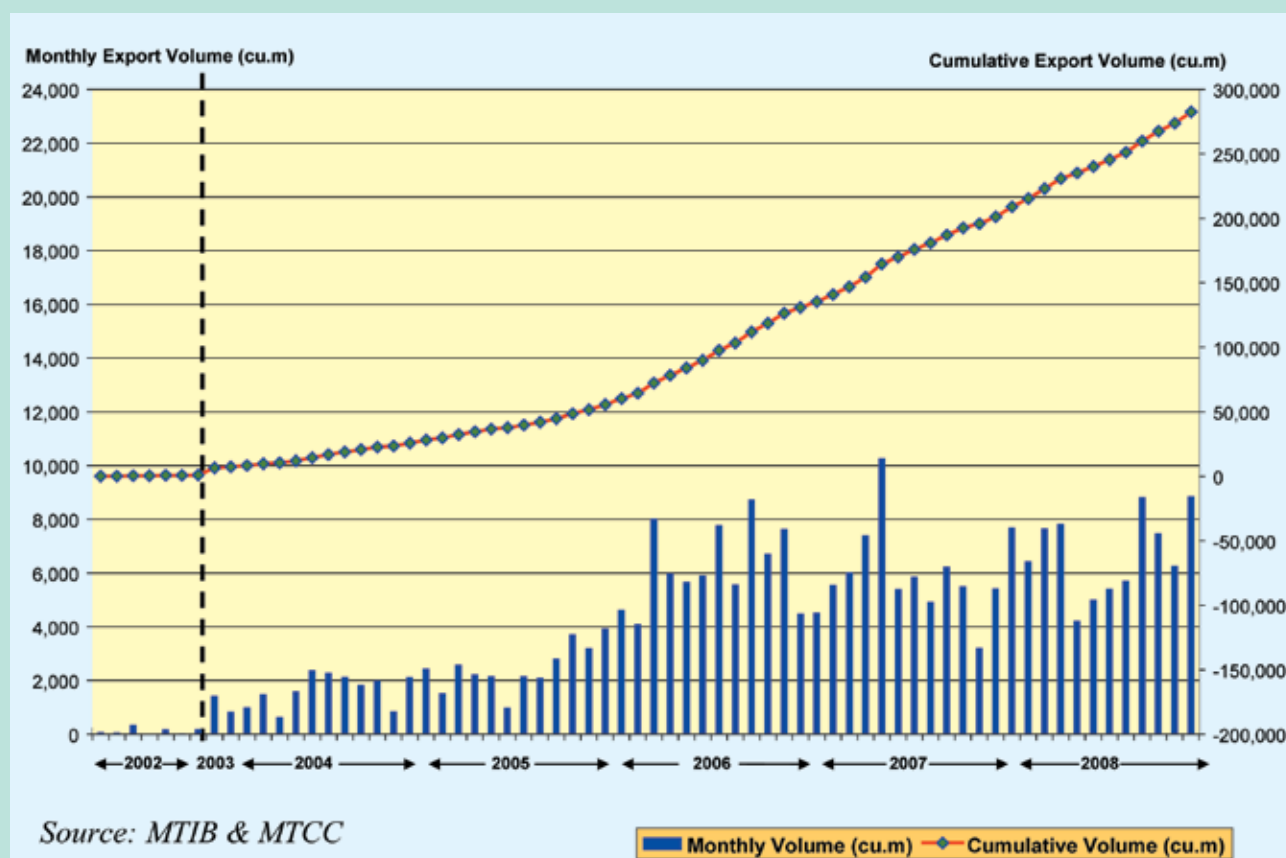
The annual export volume of MTCS-certified timber products continued to increase in 2008 to 81,399 m<sup>3</sup>. Three new destinations, Albania, Ireland and Singapore, were added to the list of 20 countries which imported MTCS-certified products, i.e. The Netherlands, Belgium, Germany, United Kingdom, France, Australia, Greece, Denmark, Poland, Italy, Norway, Indonesia, South Africa, South Korea, United States of America, Japan and Mauritius.

Of the total volume, 38,318 m<sup>3</sup> or 47.1% was imported by The Netherlands, making it the largest market for MTCS-certified products in 2008. The records also showed that the highest volume of MTCS-certified products exported was in the month of December, totalling 8,849 m<sup>3</sup> (**Figure 1**).

Hence, by the end of 2008, a total cumulative volume of 282,605 m<sup>3</sup> of MTCS-certified timber products had been exported, with The Netherlands remaining as the biggest market, importing 135,817 m<sup>3</sup> (or 48.1%) of the total quantity exported since July 2002.

The range of MTCS-certified timber products include sawn timber, plywood, mouldings, veneer, laminated finger-jointed timber, finger-jointed dressed timber (S4S), furniture and furniture components, door and window components, picture frames and parquet flooring.

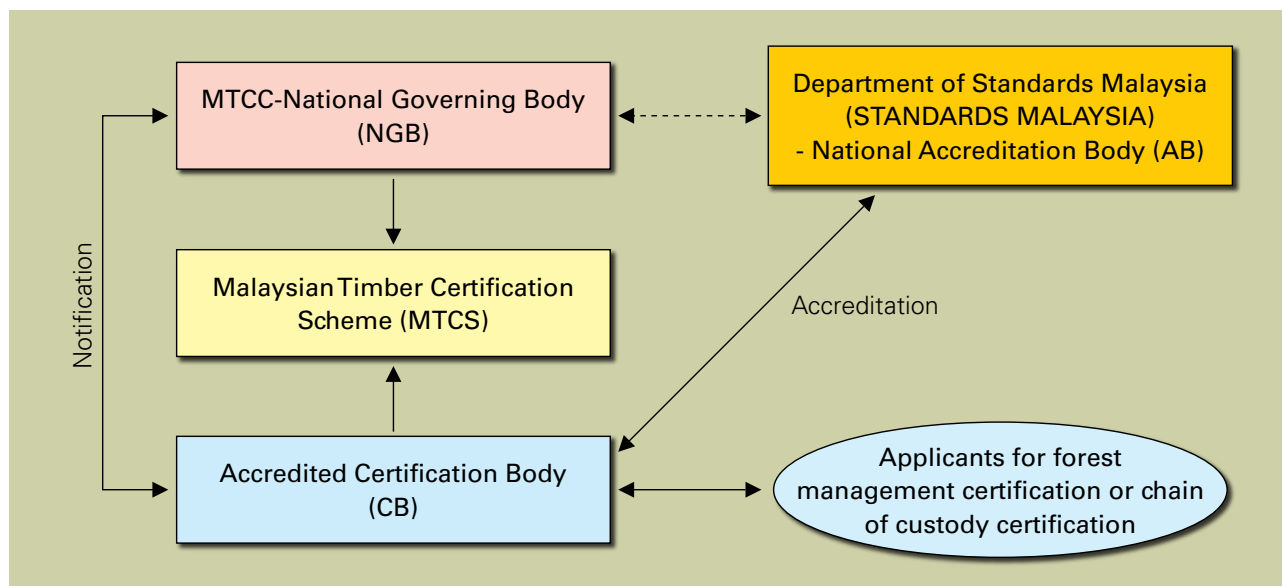
**Figure 1: Export of MTCS-Certified Timber Products  
July 2002 - December 2008**



## IMPLEMENTATION OF NEW INSTITUTIONAL ARRANGEMENT

The year 2008 saw the operation of the new institutional arrangement (**Figure 2**) for the MTCS with effect from 1 July, under which MTCC continues to play the role of the national governing body (NGB) for the scheme, while the independent assessors become the CBs, which have to obtain accreditation from STANDARDS MALAYSIA, which is the national accreditation body (AB), to operate forest management certification or chain of custody certification under the MTCS.

**Figure 2: New Institutional Arrangement for MTCS**



The implementation of the new institutional arrangement is an important measure to further strengthen and enhance the acceptance of the MTCS in the international market, while meeting the requirements of public timber procurement policies of key importing countries of Malaysian timber products, particularly in Europe such as The Netherlands, Germany and the United Kingdom. The new arrangement is also necessary as part of the preparations by MTCC for the submission of the MTCS to the PEFC Council for endorsement. Following the implementation of a number of preparatory measures, the new institutional arrangement for the MTCS was implemented with effect from 1 July. 2008 also witnessed MTCC branding its scheme as the MTCS in order to distinguish clearly between the scheme (MTCS) and the organisation (MTCC) which operates it.

Besides being overall responsible for the operation of the scheme, MTCC as the NGB is also responsible for the notification of CBs which will enable the CBs accredited by STANDARDS MALAYSIA to perform their role in the MTCS, and for the certificates that they issue to be recognised by MTCC.

MTCC also sets out the rules for the use of the MTCC Logo and its related claims by holders of certificates issued by the notified CBs. The rules as specified in the *Logo Use Rules Manual* require the certificate holders to sign a *Logo Usage Licence Agreement* with MTCC for the use of the MTCC Logo on their certified timber products.

By the end of 2008, two CBs, namely SGS (Malaysia) Sdn. Bhd. (SGS) and SIRIM QAS International Sdn. Bhd. (SIRIM QAS), which had applied to STANDARDS MALAYSIA under the accreditation programme for forest management certification, were notified by MTCC to operate forest management certification under the MTCS based on the *Procedure for MTCS Notification of Certification Bodies Operating Forest Management System and/or Chain of Custody Certification*.

For chain of custody certification, MTCC notified three CBs, i.e. SGS, SIRIM QAS and Moody International Certification (Malaysia) Sdn. Bhd. (Moody), which possess valid accreditation from STANDARDS MALAYSIA.

In addition to the three local CBs, one overseas-based company was also notified to operate chain of custody certification under the MTCS, i.e. Certification and Timber Grading Ltd. (CATG) based in Lancashire, United Kingdom. This allows overseas timber companies that are interested in applying for chain of custody certification under the MTCS to be assessed by CATG, which is also a PEFC-notified CB.

Hence, beginning 1 July, FMUs or timber companies seeking certification under the MTCS were required to apply to a MTCS-notified CB, which will conduct the audit and make the decision to issue a certificate if the requirements of the certification standard have been complied with.

In 2008, MTCC continued to participate in the Technical Working Group (TWG) formed in 2005 by STANDARDS MALAYSIA to develop the accreditation programme for CBs operating chain of custody certification, as well as in further strengthening the accreditation programme for forest management system certification that was finalised and launched in October 2007 by STANDARDS MALAYSIA.

In line with the implementation of the new institutional arrangement, MTCC organised a number of briefing sessions in 2008. The first briefing session was held on 22 May in Kuala Lumpur to provide the latest information pertaining to the implementation of the new arrangement, use of the *PEFC Annex 4* as the chain of custody standard under the MTCS, accreditation programmes for forest management system certification and chain of custody certification, procedures for MTCS and PEFC notification of CBs operating forest management system and chain of custody certification, use of the MTCC and PEFC Logos under the new arrangement, and implications of the implementation of the new arrangement for forest management and chain of custody certification. The briefing session was attended by 102 participants, comprising certificate holders, new applicants, potential certification bodies, representatives of timber industry associations and relevant government agencies.

MTCC also gave a presentation on the implementation of the new arrangement for the MTCS to the Forestry Department Peninsular Malaysia (FDPM) at its headquarters in Kuala Lumpur on 19 June. A similar briefing session was also held in Kuching on 8 July for members of the Sarawak Timber Association (STA), while for Sabah, the briefing session was held in Kota Kinabalu on 24 September, which was attended by managers of FMUs and timber companies [members of the Sabah Timber Industries Association (STIA) and the Timber Association of Sabah (TAS)].

As a follow-up to the 22 May briefing, a series of briefing sessions were held, i.e. in Kuala Lumpur (16 June), Ipoh (18 June) and Kuantan (20 June), for holders of the *Certificate for Chain of Custody* and new applicants, to provide a better understanding and familiarise them with the requirements of the *PEFC Annex 4* and use of logos. A similar briefing session was conducted for members of the STA in Kuching on 19 August.

MTCC also made presentations on the implementation of the new institutional arrangement and the use of the *PEFC Annex 4* and the logos at the briefing session organised by the Timber Exporters' Association of Malaysia (TEAM) for its members on 15 October in Kuala Lumpur, which was also aimed at encouraging more sawmillers and timber product manufacturers to undergo audits for chain of custody certification under the MTCS. The briefing was also attended by members of the Malaysian Wood Industries Association (MWIA).



## DEVELOPMENT OF *MALAYSIAN CRITERIA AND INDICATORS FOR FOREST MANAGEMENT (FOREST PLANTATIONS)*

Another milestone in the work of the MTCC was achieved in 2008 with the adoption of the *Malaysian Criteria and Indicators for Forest Management Certification (Forest Plantations)* or in short the *MC&I(Forest Plantations)* by the multi-stakeholder National Steering Committee (NSC) as the standard for certification of forest plantations in Malaysia.

In the development of this standard, following the consolidation of comments received from the 60-day public consultation by the Fourth Meeting of the Technical Working Group (TWG) held on 21 August 2007, the fourth draft of the *MC&I(Forest Plantations)* was field tested by independent assessor companies in the three regions of Malaysia as follows:

Region	Assessor Company	Location of Field Test	Date of Field Test
Sabah	SIRIM QAS International Sdn. Bhd.	Sabah Forest Industries Sdn. Bhd., Sipitang	10-13 June
Sarawak	SGS (Malaysia) Sdn. Bhd.	Sarawak Planted Forests Sdn. Bhd., Bintulu	22-25 July
Peninsular Malaysia	SIRIM QAS International Sdn. Bhd.	Asiaprima RCF Sdn. Bhd., Mentakab, Pahang	28-31 July

As agreed during the Fourth Meeting of the TWG, representatives from the four stakeholder groups were invited to participate as observers in the field test of the draft standard in the respective regions. MTCC, as the Secretariat of the NSC, participated in all the three field tests, playing the role of a coordinator. The field tests also benefited from the participation of representatives from the state forestry agencies of each region, as well as the company which provided the test site, particularly during the discussion sessions where useful technical inputs on the draft standard were provided. The detailed information on the participants of the field tests is shown in **Table 1**.

The outcomes of the three field tests were subsequently presented for the consideration of the Fifth Meeting of the TWG held on 4-5 November. The meeting considered the various recommendations made by the field tests and agreed to incorporate these recommendations into the final draft national standard where appropriate.

The final draft of the *MC&I(Forest Plantations)* was considered by the Eleventh Meeting of the NSC held on 25 November. After making some minor amendments to the draft, the NSC agreed to adopt the *MC&I(Forest Plantations)* as the standard for the certification of forest plantations in Malaysia.



Field test in Peninsular Malaysia conducted in forest plantations located in the Kemasul Forest Reserve, Mentakab, Pahang



Field test in Sarawak conducted in forest plantations of Sarawak Planted Forests Sdn. Bhd., Bintulu



Field test in Sabah conducted in forest plantations of Sabah Forest Industries Sdn. Bhd., Sipitang

**Table 1: Participants in Field Tests of MC&I(Forest Plantations)**

Region		Sabah	Sarawak	Peninsular Malaysia
Assessor Company		SIRIM QAS International Sdn. Bhd.	SGS (Malaysia) Sdn. Bhd.	SIRIM QAS International Sdn. Bhd.
Dates of Field Test		10-13 June 2008	22-25 July 2008	28-31 July 2008
Participation of Stakeholders	Social	Persatuan Kebudayaan Lundayeh Sabah - Ricky Ganang	Orang Ulu National Association (OUNA) - Peter Kallang	Timber Employees Union Peninsular Malaysia (TEUPM) - Khairul Anuar Ahmad Zainudin
	Environmental	WWF Malaysia (Sabah) - Rashidah Maqbool Rehman	No representation due to unavailability of representative	WWF Malaysia - Audrey Lee
	Economic	Yayasan Sabah - Charles Garcia	Sarawak Timber Association - Jaime Chan	No representation due to last minute unforeseen circumstances
	Relevant Government Agencies	Sabah Forestry Department - Musa Salleh	Sarawak Forest Department - Hj. Azman Hj. Mohamad Daan Sarawak Forestry Corporation - Semilan Ripot	Forestry Department Peninsular Malaysia - Hj. Kamaruzaman Ali Budin

## PROMOTION

### MALAYSIAN TIMBER SEMINAR AND BUSINESS VISIT TO AUSTRALIA

MTCC participated in the *Malaysian Timber Seminar and Business Visit to Australia* organised by the Malaysian Timber Council (MTC) and supported by the Australian Timber Importers Federation (ATIF) on 22-29 June.

Mr. Yong Teng Koon, Senior Manager (Forest Management) represented MTCC and made a presentation on the MTCS at the seminars which were held in Sydney and Melbourne. The seminars were conducted to inform the Australian timber industry on initiatives taken by the Malaysian wood-based industry in advancing sustainable forest management practices, forest and product certification, product innovation and the sourcing of material from legal sources, as well as for the Malaysian wood-based industry to be informed of ATIF's *Code of Ethics* which requires its members to source their timber and timber products from well managed forests and plantations.

Visits to timber importing and manufacturing businesses were also organized, during which there were exchange of views between the Malaysian delegation and their Australian counterparts on policy, products, marketing and other issues impacting the timber trade.



*Yong Teng Koon giving presentation during the Malaysian Timber Seminar and Business Visit in Sydney and Melbourne*

## PUBLICITY

Publicity brochures as well as information on the development of MTCS were distributed during fairs and exhibitions in which MTCC participated, such as:

- Expo Commodity 2008, Miri, Sarawak (February)
- Spoga 2008, Cologne, Germany - jointly with MTC (August / September)



*Visitor at MTCC/MTC booth during Spoga 2008, Cologne*



*Visitor at MTCC booth during Expo Commodity, Miri*

At the international level, MTC assisted in the distribution of the MTCC brochures at a number of fairs and exhibitions, such as:-

- Budma, Poznan, Poland (January)
- Indiawood, Bangalore, India (March)
- Fensterbau, Nuremburg, Germany (April)
- Mosbuild, Moscow, Russia (April)
- Maldives Construction Fair, Male, Maldives (July)





In 2008, MTCC published six issues of the *MTCC News* to keep certificate holders and local stakeholder groups updated on the latest developments in the MTCS and matters related to timber certification and sustainable forest management (SFM) in Malaysia.

## ADVERTISEMENTS

In 2008, MTCC placed advertisements in the following local publications:

- Timber Exporters' Association of Malaysia (TEAM) Trade Directory 2008-2010
- Malaysian Wood Industries Association (MWIA) Members Directory 2008/09

MTCC also contributed a number of articles which appeared in the following publications:

- PEFC News - newsletter issued by the PEFC
- Timber Malaysia - published by MTC



The following press releases, articles and information updates were issued by MTCC and posted on the MTCC website:

- *Outcome of the Public Consultation on the Draft MC&I(Forest Plantations), 30 April - 30 June 2007* (March)
- *Three more FMUs Certified against MC&I(2002)* (March)
- *MTCC Submits its Scheme for PEFC Endorsement* (April)
- *Certified Malaysian Timber Companies can now Apply for Tax Deduction on Expenses Incurred in Obtaining COC Certification Under the MTCS* (April)
- *Information Update: New Institutional Arrangement for Malaysian Timber Certification Scheme* (July)
- *Draft MC&I(Forest Plantations) Field Tested* (August)
- *MTCC's response to article entitled "MTCC Ambush" posted in COAC website* (September)
- *MTCC's response to COAC's reply* (December)
- *MC&I(Forest Plantations) Adopted as the Standard for Certification of Forest Plantations in Malaysia* (December)

The following press releases were issued by Kaiser Communication GmbH, MTCC's public relations agency in Germany:

- *Malaysian Timber Certification Scheme reports new development*
- *Hamburg prolongs the recognition of the Malaysian Timber Certification Scheme (MTCS)*

The following editorials and special feature reports on MTCC were published by the following print/online publications (professional newspapers & online platforms, timber and architecture magazines, online newsletters) in Germany:

- Holz Zentralblatt
- Genau
- Euwid
- Holz Forum
- AIT (Architektur, Innenarchitektur Technischer Ausbau)
- Intelligente Architektur
- Parkett Magazin
- SN Fachpresse Hamburg
- Boden Wand Decke
- Glaswelt
- Fenster platz
- Holz.net
- BMOOnline
- Glaswelt



## PARTICIPATION IN CONFERENCES / SEMINARS / WORKSHOPS / COURSES / MEETINGS

MTCC also participated in a number of international and local conferences, seminars, workshops, courses and meetings during which presentations on the MTCS and other activities were made. These included the following:-

- Malaysian Timber Seminar and Business Visit to Australia, 22-29 June, Sydney and Melbourne
- Wood Resource Task Force Meeting organised by Malaysia Particle Board Manufacturers and Suppliers, 25 January, Kuala Lumpur
- Workshop on Forest Certification in compliance with MC&I(2002), 17 April, Kemaman, Terengganu
- MTC Product Focus Group briefing, 15 May, Kuala Lumpur
- MTC Local Media Programme, 26 -29 May, Kuala Lumpur
- MTC Familiarisation Programme, 7-9 July, Sungai Tekala
- Briefing to Jabatan Audit Negara, 17 October, Putrajaya



*Harnarinder Singh with participants of MTC Familiarisation Program, Gunung Seraya Moulding Plant, Selangor*



*Participants during briefing to Jabatan Audit Negara, Putrajaya*



Chew Lye Teng giving briefing on Implementation of New Institutional Arrangement for MTCS, Kuala Lumpur



Yong Teng Koon giving briefing to members of STA on Implementation of New Institutional Arrangement for MTCS, Kuching



Harnarinder Singh giving briefing on Use of PEFC International CoC Standard (Annex 4) under MTCS, Ipoh



Harnarinder Singh giving presentation on Implementation of New Institutional Arrangement for MTCS to managers of FMUs, timber companies and members of STIA and TAS, Kota Kinabalu

## PRESENTATIONS / BRIEFING SESSIONS

MTCC also conducted the following briefing sessions:

- *RCOC and Standard Operating Procedures* to Lin Shan hao Plywood (Sarawak) Sdn. Bhd., 11 January, Kuching
- *Implementation of New Institutional Arrangement for MTCS*, 22 May, Kuala Lumpur
- *Use of PEFC International CoC Standard (Annex 4) under MTCS*, 16 June, Kuala Lumpur
- *Use of PEFC International CoC Standard (Annex 4) under MTCS*, 18 June, Ipoh
- *Implementation of New Institutional Arrangement for MTCS* to Forest Department Peninsular Malaysia, 19 June, Kuala Lumpur
- *Use of PEFC International CoC Standard (Annex 4) under MTCS*, 20 June, Kuantan
- Meeting with Certification Bodies (CBs) on *Implementation of New Institutional Arrangement for MTCS*
- *Implementation of New Institutional Arrangement for MTCS* for members of the Sarawak Timber Association (STA), 8 July, Kuching
- *Use of PEFC Annex 4 and Logos under MTCS* for members of the Sarawak Timber Association, 19 August, Kuching
- *Implementation of New Institutional Arrangement for MTCS* to managers of Forest Management Units (FMUs), Sabah timber companies and members of the Sabah Timber Industries Association (STIA) and the Timber Association of Sabah (TAS), 24 September, Kota Kinabalu
- *Requirements of PEFC Annex 4* to Shin Yang (Plywood) Sdn. Bhd. technical staff, 25 September, Miri
- *Implementation of New Institutional Arrangement for MTCS* and *Use of PEFC Annex 4 and Logos* for members of Timber Exporters' Association of Malaysia (TEAM), 15 October, Kuala Lumpur
- *Use of PEFC Annex 4 under MTCS* to Mieco Chipboard Berhad, 21 November, Kuantan



## RECOGNITION OF MTCS

As a result of MTCC's continuous efforts to promote and seek recognition of its scheme, authorities in the following countries have recognised the MTCS:



The Danish Ministry of the Environment has included the MTCS as one of the accepted certification schemes in its document entitled *Purchasing Tropical Timber - Environmental Guidelines*, describing the MTCC certificate as providing a good guarantee of legal forest management, on its way towards becoming sustainable.

The Ministry of Agriculture and Forestry, New Zealand has listed the MTCS as one of the seven certification schemes in its Timber and Timber Products Procurement Policy Guidelines.



The report commissioned by the United Kingdom's Central Point of Expertise on Timber (CPET), an expert group appointed by the Department for Environment, Food and Rural Affairs (DEFRA), United Kingdom has concluded that the MTCS certificate provides the assurance of legally harvested timber.

The second review by the CPET in 2008 has acknowledged that since the MTCS is in the process of introducing revised requirements, it will be able to provide evidence of sustainability once these revisions are fully in place.

The Royal Horticultural Society of UK has listed the MTCS as one of the seven recognised certification schemes in its Conservation and Environment Guidelines.



The French Ministry of Environment and Sustainable Development and the Ministry of Agriculture, Food and Rural Affairs have listed the MTCS as one of the acceptable certification schemes in the French Policy on Public Procurement of Timber and Wood Products entitled *French National Timber Procurement Policy*.

The MTCS has been listed as one of the accepted certification schemes in the *Guideline for Verification on Legality and Sustainability of Wood and Wood Products* issued by the Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, Japan.



By December, four FMUs i.e. Negeri Sembilan, Pahang, Perak and Kelantan FMUs, have been accepted under the *Keurhout Protocol for Sustainable Forest Management (KH-SFM)*, while another two FMUs i.e. Kedah and Anap Muput FMUs, as well as 36 holders of the MTCS *Certificate for Chain of Custody* have been accepted under the *Keurhout Protocol for Legal Origin (KH-LET)* in The Netherlands.

The Dutch Ministry of Housing, Spatial Planning and Environment (VROM) has accepted the MTCS certificate as meeting the requirements for legality of timber.



Based on the outcome of the MTCC-Hamburg joint project, the City of Hamburg, Germany has extended the recognition of the MTCS until the end of December 2009.

## CERTIFIED FORESTS UNDER VARIOUS CERTIFICATION SCHEMES

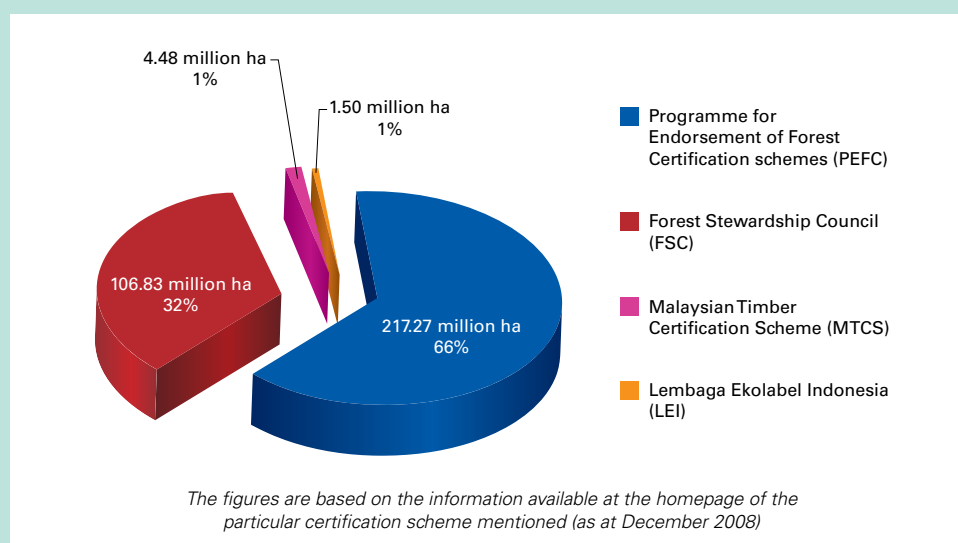
The total area of certified forests worldwide continued to expand at a steady pace, reaching 330.08 million ha by the end of 2008, an increase of more than 8% over the 2007 figure.

The 330.08 million ha certified globally represented nearly 10% of the total global commercial forest area. Of this total, more than 217.27 million ha<sup>1</sup> (66%) are certified under the PEFC scheme, 106.83 million ha<sup>2</sup> (32%) under the FSC scheme, 4.48 million ha (1%) under the MTCS, and 1.50 million ha<sup>2</sup> (1%) under the Lembaga Ekolabel Indonesia (LEI) (**Figure 3**).

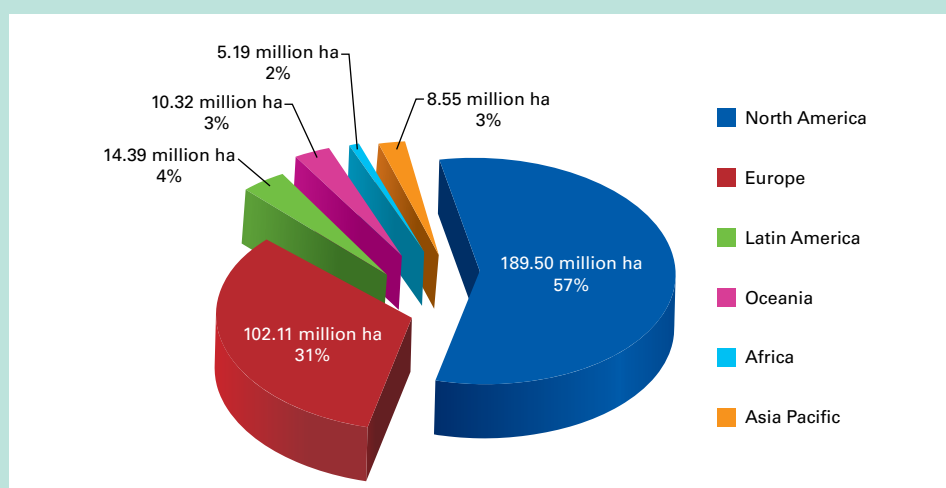
The forests certified under the PEFC scheme also include 82.76 million ha under the Canadian Standards Association (CSA), 69.57 million ha under the Sustainable Forestry Initiative (SFI) and American Tree Farm System (ATFS) of USA, 8.72 million ha under the Australian Forestry Standard (AFS), 1.91 million ha under the Chilean Standard for Sustainable Forest Management (CERTFOR) and 0.88 million ha under the Brazilian Programme of Forest Certification (CERFLOR).

In terms of geographical distribution (**Figure 4**), more than half (57%) of the world's certified forests are located in North America, with around one third (31%) in the EU/EFTA region. North America's share of the certified forests has remained almost unchanged since 2005, while the proportion in the EU/EFTA region is falling relative to increases in the share of other European countries, Russia, Latin America and Oceania. Nevertheless, even with this change, the certified forest area that lies outside the EU/EFTA region and North America still only accounts for 10% of the global total, of which 3% is in the Asia-Pacific region.

**Figure 3: Certified Forests under Various Certification Schemes**



**Figure 4: Certified Forests by Region**



<sup>1</sup> PEFC Council Annual Review 2008

<sup>2</sup> Homepage of the specific certification scheme

## COOPERATION

### PEFC ENDORSEMENT OF MTCS

**M**TCC officially submitted its application for the endorsement and mutual recognition of the MTCS by the PEFC Council on 28 March. To facilitate the assessment of the MTCS in connection with this application, the following documents were submitted to the PEFC Council:

- *Malaysian Timber Certification Scheme (MTCS) and Its Implementation Arrangement (MTCS 1/2008)*
- *Rules on Standard Setting Process for Development of Timber Certification Standards (SSP 1/2008)*
- *Standard Setting Process for the MC&I(2002)*
- *Standard Setting Process for the MC&I(Forest Plantations)*
- *MC&I(2002)*
- *Comparison of MC&I(2002) with the ITTO Guidelines and PEOLG*
- *Requirements for Chain of Custody Certification (RCOC)*
- *Specification for the Origin for the Purposes of the MTCC Label and Declarations (SO 1/2008)*
- *Procedure for the Investigation and Resolution of Complaints and Appeals (GL 1/2008)*
- *Procedure for MTCS and PEFC Notification of Certification Bodies Operating Forest Management System and/or Chain of Custody Certification (NCB 1/2008)*
- *Logo Use Rules Manual (LG 1/2008)*
- *Completed PEFC Council Minimum Requirements Checklist*

In June, the PEFC Council appointed Indufor Oy based in Helsinki, Finland as the consultant for the assessment of the MTCS. Through a press release posted on its website on 23 July, the PEFC Council officially announced the start of the 60-day public consultation of the MTCS, and encouraged all stakeholders to comment on the assessment of the MTCS, pointing out that the public consultation is an important aspect of PEFC's endorsement process, and ensuring that all interested parties can input into the process.

MTCC also took the necessary action to inform the relevant stakeholder groups in Malaysia of the commencement of the public consultation of the MTCS for the purpose of endorsement by the PEFC Council, and invited them to submit their inputs/comments on the assessment process directly to the consultant.

The consultant from Indufor Oy, Ms Hanna Nikinmaa, visited Malaysia from 2-5 September to hold discussions with the MTCC management and representatives of the different stakeholder groups.

During the meeting with the MTCC management, the consultant was provided with the latest update on the implementation of the MTCS and clarification pertaining to the issues and gaps identified by her. The consultant also reviewed additional documentation for the MTCS during the visit. She also held discussions with representatives of the Forestry Departments of Sabah, Sarawak and



*PEFC consultant discussing with Forestry Departments*



*Consultation with social NGOs*



*Consultation with members of Board of Trustees*



*Consultation with Certification Bodies*





*Consultation with  
timber trade associations*



*Consultation with members of the  
National Steering Committee*



*Consultation with  
environmental NGOs*

Peninsular Malaysia, and the Sarawak Forestry Corporation (SFC), in their capacity as the organisations responsible for the planning and supervision of forest use and forestry operations in Malaysia.

The consultant also met with the current MTCC Board members regarding the development of the certification scheme, since most of the discussions and decisions relating to the application for endorsement and submission of MTCS documentation to the PEFC Council had taken place under the present Board.

Representatives of the certification bodies also met the consultant to relate their experiences and involvement in carrying out scheme-related audits for both forest management and chain of custody certification, and in the regional field testing of the *MC&I*(2002).

The meetings with the stakeholder groups involved discussions with the members of the National Steering Committee (NSC) and representatives of the workers' unions, social NGOs representing the indigenous peoples, environmental NGOs, timber trade associations from Sabah, Sarawak and Peninsular Malaysia, and the Malaysian Timber Council (MTC).

In response to comments from the consultant, the MTCC management made appropriate amendments to the MTCS documents to provide greater clarity and to improve compliance with the PEFC requirements. The revised MTCS documents were resubmitted to the PEFC Council on 17 September.

The report was finalised by the consultant on 8 December and submitted to the PEFC Board of Directors for a decision on the endorsement. The PEFC Council is expected to make a decision on the endorsement of the MTCS by early 2009.

## PEFC 12<sup>TH</sup> GENERAL ASSEMBLY

The 12<sup>th</sup> General Assembly (GA) of the PEFC Council was held on 31 October in Canberra, Australia and was hosted by Australian Forestry Standard Limited (AFSL), the NGB in Australia. The GA was attended by member countries, extraordinary members, invited guests and members of the Board of Directors of the PEFC Council. MTCC was represented by its CEO, Mr. Chew.

The PEFC Chairman, Mr. Michael Clark, in his report for 2008 highlighted that PEFC certified area had grown by more than five percent, mainly due to the endorsement of the American Tree Farm System (ATFS), and the total number of its chain of custody certificates had increased by 850 certificates or 25 percent which is by far the strongest annual growth since 2000. Over the past year, PEFC had processed 15 assessments and reassessments. The new schemes endorsed include Estonia, Poland and ATFS. Two other schemes, Australia and Chile were currently undergoing reassessment. In addition, the PEFC headquarters had been relocated to Geneva in May.

A number of PEFC core documents had been revised and some are in the process of revision. These documents include the *PEFC Logo Usage Rules* and *CoC standard (Technical Document Annex 4)* as well as several guidelines, including the *Minimum PEFC Council Requirements* and the *Involvement of the Panel of Experts in the Endorsement of National Forest Certification Schemes*. The GA also highlighted the need to address interpretations on issues such as controversial sources, free and prior informed consent, chemicals, HCVP, conversions, and social issues to ensure and consolidate market access and acceptance of the PEFC.

The PEFC had strengthened its engagement with stakeholders, especially from the NGO community and had met a variety of organisations including TTF, IUCN, WBCSD, WWF, FSC, FAO, Chatham House, UNECE, World Bank, ITTO, MCPFE, IAF, ISO, The Forest Dialogue, forest sector trade associations such as CEPF, CEPI, EPIS and Eustafor, as well as international companies involved in the supply chain. The communication strategy of the PEFC had been finalised as the basis for the organisation's communications and advocacy activities over the next few years. In line with the strategy, PEFC had set up an intranet to foster information and knowledge sharing among the members. The last National Secretaries meeting in Sweden had provided opportunity to exchange ideas, presentations and training. Furthermore, training was provided for the Panel of Experts, assessors, NGBs and potential members (i.e. Luxembourg, Italy, Latvia, Ireland, ATFS, Serbia, Romania), and CBs through seminars and training sessions for staff.

One of the most significant decisions made at the 12<sup>th</sup> GA was on the changes to the PEFC Council Statutes to incorporate the Stakeholder Forum. Since the adoption of the new five year Strategic Plan at the 11<sup>th</sup> GA last year, a Governance Review of the PEFC Council had been carried out. The report of the Governance Review had made 39 recommendations. The first important change in line with these recommendations is to facilitate, through changes to the Statutes, the establishment of a Stakeholder Forum to allow international stakeholders, with whom the PEFC had not yet effectively engaged, to have meaningful input into the PEFC.



PEFC 12<sup>th</sup> General Assembly

## MTCC-HAMBURG JOINT PROJECT

Three regional workshops in Malaysia and one final workshop in Germany were conducted to disseminate the findings and outputs of the MTCC-Hamburg joint project as follows:

Date of Workshop	No. of Participants	Venue
25 February	26	Harbour View Hotel, Kuching
26 February	22	Beverly Hotel, Kota Kinabalu
3 March	41	Dorsett Regency Hotel, Kuala Lumpur
16 April	29	Katholische Akademie, Hamburg, Germany



Regional workshops of the MTCC-Hamburg joint project in (left to right), Kuching, Kuala Lumpur and Kota Kinabalu

At the regional workshops which were attended by Malaysian stakeholders, a total of four presentations were made, namely (i) *Overview of Project Implementation*, (ii) *Results of Gap Analysis*, (iii) *Outcome of Verifier Check and Proposed Refinements for MC&I(2002)*, and (iv) *Recommendations for Development/Refinement of Guidelines/Procedures and Identification of Future Research Activities*.

The final workshop in Germany was attended by participants from both Malaysia and Germany. In addition to the MTCC, the Workshop was also attended by representatives from the Embassy of Malaysia in Germany led by H.E. Datuk Zakaria Sulong, the Ambassador of Malaysia, as well as representatives from MTC London. Participants from Germany were from the Free and Hanseatic City of Hamburg (FHH), German Timber Trade Federation (GTTF), German Agency for Technical Cooperation (GTZ), University of Hamburg (UHH), PEFC Germany, FSC Germany, Kaiser Communication GmbH as well as two consultants engaged under the joint project who had been requested to make presentations at the workshop.

Six presentations were made at the final workshop, namely (i) *MTCC-Hamburg Project: Project Implementation in Malaysia, September 2006-March 2008*, (ii) *Policy, Legal and Institutional Aspects of MTCC Timber Certification*, (iii) *MTCC - The Social Aspect*, (iv) *Results of Gap Analysis*, (v) *Outcome of Verifier Check and Proposed Refinements for MC&I(2002)*, and (vi) *Recommendations for Development/Refinement of Guidelines/ Procedures and Identification of Future Research Activities*.

Following the final workshop, two separate meetings were held on 17 April, i.e. (i) among the four project partners (MTCC, FHH, GTTF and GTZ), and (ii) between MTCC and FHH, to deliberate on the recommendations of the workshop as well as the follow-up actions to be taken for the joint project. At both the meetings, representatives from the UHH were present to provide scientific support and the necessary feedback with regard to the joint project.

As the submission of the MTCS for endorsement by the PEFC Council was one of the conditions stipulated by the FHH for full recognition of the MTCS, project partners were informed that the MTCS had been formally submitted to the PEFC Council on 28 March.

The meetings were also informed that MTCC would only be implementing the new institutional arrangement on 1 July where CBs which are accredited to STANDARDS MALAYSIA will take over the role of issuing certificates under the MTCS.

In the meeting between MTCC and FHH, MTCC was informed that the FHH will continue to grant recognition to the MTCS until 31 December 2009, and full recognition will be granted when the MTCS is endorsed by the PEFC Council.



Participants during final workshop of MTCC-Hamburg joint project in Hamburg



Representatives of the MTCC-Hamburg joint project partners



Yong Teng Koon making the presentation during final workshop

While in Hamburg, the MTCC Chairman, CEO, Honorary Consul General of Malaysia in Hamburg, Datuk Edgar Nordmann, and representatives from the Malaysian Embassy and FHH also held discussions with Mr. Reinhard Stuth, the State Secretary of the City of Hamburg in charge of external relations. In the meeting, Mr. Stuth expressed his willingness to help disseminate the outputs of the MTCC-Hamburg joint project to other EU countries via his liaison office in Brussels.

As a result of the joint project, a press release by FHH in September highlighted the MTCS as the only certification scheme of a tropical country which is approved by the FHH. This recognition allows MTCS-certified timber products to be used in public procurement activities and in building activities that are subsidised or partly subsidised by the City of Hamburg.



## MALAYSIAN FOREST DIALOGUE



*Datuk Peter Chin officiates opening of the Malaysian Forest Dialogue*

agencies, NGOs, financial institutions, timber trade companies and associations. 13 presentations were made by local and international speakers covering the overview of the timber industry, emerging drivers and incentives for the timber industry, alternative resources and ways of achieving energy efficiency, as well as understanding buyers' needs from the importing countries' perspective. The key points presented were (i) the impact of the global recession on the timber industry, (ii) necessity of the timber industry to meet global challenges, (iii) the issue of planted forests versus natural forests, and (iv) meeting global standards and market requirements.

The global recession is projected to have a knock-on effect on the timber industry with falling commodity prices and the financial crisis in key timber markets such as the USA and Europe. It was agreed during the dialogue that Malaysia may not be fully insulated against the current global crisis, although, it had been forecasted that growth within the country is projected to be around 3.5% for 2009. The participants were of the view that during times of economic stress, the *laissez-faire* system would not work adequately to stimulate growth and therefore the government would need to take a greater interventionist role.

Among the measures discussed to assure the timber industry's ability to meet global challenges were the need to innovate and improve on existing technology use, investment into human capital to build capabilities, as well as the need for industry to invest in design of new products and development of new markets.

The dialogue noted that the uptake of the incentives for reinvestment, R&D and environmental management, had not been up to expectations due to the divergent views of the timber industry and the government. While the government is focusing on long-term development, the manufacturers were seeking solutions to daily problems. The dialogue agreed that there should be better coordination among the government agencies involved in providing the needed incentives.

The issue of forest plantations versus natural forests and the necessity to balance the two was raised as these two types of forests serve different market needs. Other issues raised revolved around the environmental safeguards which are in place to ensure the requirements of forest certification, including the necessity to ensure the protection of high conservation value forests (HCVF) in establishing the plantations. During the dialogue, MTCC informed that the standard for certification of forest plantations had been finalised and forest plantation management units could now apply for certification against this standard.

Issues related to meeting global standards and market requirements discussed were the impact of non-tariff barriers such as labour and environmental standards in importing nations on Malaysian timber products. The dialogue recognised the need to ensure compliance with international legal requirements and standards, the penalty of non-compliance being restriction of market access/capital and investment opportunities. Among these requirements was the issue of indigenous people's rights.

The third Malaysian Forest Dialogue (MFD) held on 1-2 December in Kuala Lumpur was organized by the MFD Steering Committee which continued to comprise of HSBC Bank Malaysia Berhad, MTC, Business Council for Sustainable Development Malaysia (BCSDM), WWF Malaysia, MNS, MTIB, STIA, STA, STIDC and MTCC.

The two-day dialogue with the theme "*Strategising Future Directions for the Timber Industry*" was attended by 105 participants from relevant government



*MFD steering committee and secretariat*



## PAN ASEAN TIMBER CERTIFICATION INITIATIVE

### **Seventh Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative, Nay Pyi Taw, Myanmar**

MTCC, as the lead agency for the Pan ASEAN Timber Certification Initiative, attended the Seventh Meeting of the Working Group on this Initiative which was held in Nay Pyi Taw, Myanmar on 2-3 April. Hosted by the Ministry of Forestry, Myanmar, the meeting was attended by delegates from five ASEAN Member States i.e. Brunei Darussalam, Indonesia, Lao PDR, Malaysia and Myanmar, and the ASEAN Secretariat. Representatives from the ASEAN-German Regional Forest Programme (ReFOP) and The Nature Conservancy (TNC) were also present at the open sessions of the meeting.

The most important discussion at the meeting was on the outstanding two elements to be included in the definition of legality of timber as part of the phased approach towards forest certification adopted by the Working Group. After much deliberation, the meeting agreed on the two elements as follows:-

- The timber must be harvested by parties who have the legal rights to carry out the logging at the designated forest area based on an approved cut
- The party which harvests the timber shall comply with the laws governing social and environmental aspects, i.e. workers' safety and health, as well as environmental impact assessment

With this decision, the Working Group agreed that the six elements to be included in the definition of legality of timber at the ASEAN level will be as follows:

- (i) Compliance with all relevant forest laws and regulations;
- (ii) Payment of all statutory charges;
- (iii) CITES compliance;
- (iv) Implementation of a system that allows for the tracking of logs to the forest of origin;
- (v) The timber must be harvested by parties who have the legal rights to carry out the logging at the designated forest area based on an approved cut; and
- (vi) The party which harvests the timber shall comply with the laws governing social and environmental aspects, i.e. workers' safety and health, as well as environmental impact assessment.

The six elements have subsequently been incorporated into the draft *ASEAN Guidelines on Phased-Approach to Forest Certification*. The meeting agreed to work towards the finalisation of the guidelines and requested all the Member States to review the document and provide feedback/comments before the finalisation of the guidelines by the next meeting.

There was also the exchange of information and experiences by Indonesia and Malaysia on their respective on-going negotiations with the EU on a Voluntary Partnership Agreement (VPA) under the Forest Law Enforcement, Governance and Trade (FLEGT) process.

Following a presentation by the ReFOP representative on a training proposal on verification system development with particular focus on timber tracking and legality assurance, the Meeting agreed with the proposal and suggested that the training be open to participants from both the public and private sectors, and that it be held in Brunei Darussalam in July or mid-October 2008.

The TNC representative made a presentation on behalf of the Responsible Asia Forestry and Trade (RAFT) Program, which identified possible TNC/RAFT assistance and collaboration in relation to the Working Group.

The Meeting agreed that two follow-up actions need to be taken before the Eighth Working Group Meeting, i.e.:

- (i) to develop the *indicators* for each of the six *elements* agreed for legality of timber. Once the *indicators* have been finalised, each Member State can then proceed to develop country-specific *verifiers* to address the *elements* and *indicators* agreed at the ASEAN level; and
- (ii) to develop the ASEAN guidelines for chain of custody, which has to be developed for both legal timber and sustainable timber.



Chew Lye Teng addressing the Seventh Meeting of the Working Group on a Pan ASEAN Timber Certification Initiative



Seventh Meeting of the Working Group in session

The meeting agreed to request RAFT and ReFOP to provide consultancies in developing the *indicators* for the agreed legality *elements* and the chain of custody guidelines. In regard to this, the meeting requested Malaysia to develop the terms of reference for both the consultancies, so that the draft reports prepared by the consultants could be presented at the Eighth Working Group Meeting. The meeting also agreed that the initial draft reports should be circulated to all Member States for feedback/comments and, if required, they could further be deliberated by an informal meeting prior to the Working Group Meeting.

## SIGNIFICANT EVENTS

MTCC organised/coordinated the following local events in 2008:

Local Events Organised/Coordinated by MTCC	Date	Venue
Sixth Joint Project Team (JPT) Meeting for MTCC-Hamburg Joint Project	7-8 January	Kuching
Briefing on <i>RCOC and Standard Operating Procedures</i> to Lin Shan hao Plywood (Sarawak) Sdn. Bhd.	11 January	Kuching
Seventh Joint Project Team (JPT) Meeting for MTCC-Hamburg Joint Project	24-25 January	Kota Kinabalu
Regional Workshops on MTCC-Hamburg Joint Project	25 February 26 February 3 March	Kuching Kota Kinabalu Kuala Lumpur
First Meeting of the Task Force to prepare Assessment Procedures for Forest Management Certification in compliance with the requirements of ISO 17021	16 May	Kuala Lumpur
Briefing session on <i>Implementation of New Institutional Arrangement for MTCS</i>	22 May	Kuala Lumpur
Briefing session on <i>Use of PEFC International CoC Standard (Annex 4) under MTCS</i>	16 June	Kuala Lumpur
Briefing session on <i>Use of PEFC International CoC Standard (Annex 4) under MTCS</i>	18 June	Ipoh
Briefing to FDPM on <i>Implementation of New Institutional Arrangement for MTCS</i>	19 June	Kuala Lumpur
Briefing session on <i>Use of PEFC International CoC Standard (Annex 4) under MTCS</i>	20 June	Kuantan
Meeting with Certification Bodies on <i>Implementation of New Institutional Arrangement for MTCS</i>	7 July	Kuala Lumpur
Briefing session on <i>Implementation of New Institutional Arrangement for MTCS</i> for members of the Sarawak Timber Association (STA)	8 July	Kuching
Briefing session on <i>Use of PEFC Annex 4 and Logos under MTCS</i> for members of the STA	19 August	Kuching

Local Events Organised/Coordinated by MTCC	Date	Venue
Briefing session on <i>Implementation of New Institutional Arrangement for MTCS</i> to managers of FMUs, Sabah timber companies and members of STIA and TAS	24 September	Kota Kinabalu
Briefing to technical staff of Shin Yang (Plywood) Sdn. Bhd. on the <i>Requirements of PEFC Annex 4</i>	25 September	Miri
Briefing session on <i>Implementation of New Institutional Arrangement for MTCS</i> and <i>Use of PEFC Annex 4 and Logos</i> for members of TEAM	15 October	Kuala Lumpur
Fifth TWG Meeting on <i>MC&amp;I</i> (Forest Plantations)	4 - 5 November	Kuala Lumpur
Briefing to Mico Chipboard Berhad on <i>Use of PEFC Annex 4 under MTCS</i>	21 November	Kuantan
Eleventh Meeting of the NSC	25 November	Kuala Lumpur
Third Malaysian Forest Dialogue (jointly organised with HSBC, MTC, BCSDM, WWF Malaysia, MNS, MTIB, STA, STIDC & STIA)	2 - 3 December	Kuala Lumpur



*Eleventh Meeting of NSC, Kuala Lumpur*



*Briefing session on Implementation of New Institutional Arrangement for MTCS and Use of PEFC Annex 4 and Logos for members of TEAM, Kuala Lumpur*



*Sixth Joint Project Team Meeting (MTCC-Hamburg Joint Project), Kuching*

MTCC organised or participated in the following international events in 2008:

Overseas Missions/Visits/Discussions	Date	Venue
Discussion with PEFC Secretariat	14 April	Luxembourg
Final Workshop of MTCC-Hamburg Joint Project*	16 - 17 April	Hamburg
Malaysian Timber Seminar and Business Visit to Australia*	22-29 June	Sydney and Melbourne

\* MTCC made presentation on MTCS and related activities at the event



MTCC received and held discussions with the following visitors in 2008:

Visitors to MTCC	Date of Visit
Lee Kian Foh, independent consultant for WWF Malaysia Tiger Project	9 January
R.S. Sundram, Environment Protection Society Malaysia	11 January
Royal Jongeneel B.V. and interview with its company's magazine, INHOUT: Wilgard Daris Ad de Heij Jacco Ravenhorst Henk Fieggen, Mediabizz Henk ten Bouwhuis	16 January
Delegation from the Nigerian Tree Planters, Nigeria: Ogunsanwo Bola Olusanya Abiodun Giwa Bisirodipe Akinlosotu Foluso Akinfenwa	10 March
Evelyn Ong, Ah Hai Industries, Batu Pahat, Johor	11 March
Robert van Meurs and Raja Lingam, Virgin Woodworks, Tawau	10 April
Marco Harkes, Stiho, The Netherlands Sander Daatselaar, Stiho, The Netherlands Marco Poot, Lionex (M) Sdn. Bhd., Kuala Lumpur	15 April
E. J. Leeuw, Van Dam Bunnik, The Netherlands Marco Poot, Lionex (M) Sdn. Bhd., Kuala Lumpur	16 April
Delegation from the Indian Institute of Forest Management: Prof. D.K. Bandyopadhyay Prof. Manmohan Yadav Rebeca Nayar, Orissa State Forest Department A.K. Jha, Gujarat State Forest Department	23 May
Reuben Clements, WWF Malaysia	23 May
Khairul Anwar, Director, MTC Dubai	4 June
Prof. Madya Dr. Jegatheswaran Ratnasingam, UPM Murughan Manikam, UPM	10 June
Visitors from Federal Furniture Sdn. Bhd., Petaling Jaya, Selangor: Victor Ng Patrick Chan Lim Suat Yien Goldwin Chap	10 June
Brian Chong, Helveta Limited (Malaysia)	27 June
Niels Boelema, Jongeneel, The Netherlands Stephan Teutelink, Jongeneel, The Netherlands Peter Jackson, PT Group Ltd., United Kingdom	17 July

Visitors to MTCC	Date of Visit
Mike Harrod, PT Group Ltd. (United Kingdom) / European Panel Products Association	29 July
Hang Sun Tra, Forestry Administration of Cambodia	31 July
William V. Street Jr., Woodworkers Department, International Association of Machinists and Aerospace Workers, USA Ambet Yuson, Regional Representative, Building and Woodworkers' International (BWI) Asia-Pacific Mohd Khalid Atan, Timber Employees Union Peninsular Malaysia (TEUPM)	22 August
Technical delegation from Vietnam (at MTIB): Ministry of Agriculture and Rural Development Dr. Dao Cong Khanh Nguyen Ba Quyen Tran Thu Ha Ha Van Hung Bac Giang Province Nguyen Dang Khoa, Vu Van Thang, Son Dong district Lang Son Province Vi Van Thanh Ly Thi Quy, Chi Lang district Le Van Tien, Cao Loc District Quang Ninh Province Le Dinh Tram Nguyen van Sin, Dong Trieu District	27 August
Akira Hatakeyama, Hata Support Co. Ltd, Vietnam Anthony Chin, Daiken Sarawak Sdn. Bhd.	15 & 19 September
Delegation from Thailand: S. Jarusombati, National Science Agency A. Peamaroom, National Science Agency T. Veenin, National Science Agency S. Sangkul, National Science Agency Suntayanonta, National Science Agency W. Jangcharoenjitkul, National Science Agency J. Kanlayakorn, C.M. Wood Ltd. T. Kanlayakorn, C.M. Wood Ltd. C. Chaiphiphat, Deco Enterprise Pisolpool, Tokyo Parawood N. Pisolpool, Tokyo Parawood Thayanprawet, Triple Industry S. Arakwatana, Nikka Parawood K. Boonthamrongkit, SBP Timber J. Tangkitngamwong, Deesawat Industry T. Nipatakosolsuk, Furniroyce P. Deeyarm, Thai Furniture Association	29 September

Visitors to MTCC	Date of Visit
Matt Boveland, Poyry Forest Industry, Singapore	28 October
Emmanuel Groutel, Societe Forestiere du Maine SA, France	13 November
Michael Woodward, Finewood Marketing (UK) Ltd. Chong Yik Ing, Finewood Marketing (UK) Ltd.	20 November
Brent McClendon, International Wood Products Association (IWPA), USA (at MTC)	3 December
Markku Halinen, UPM-Kymmene Corporation, Finland Paivi Salpakivi-Salomaa, UPM-Kymmene Corporation, Finland Agnes Seah, UPM-Kymmene Corporation, Finland	9 December
Szilard Kovari, MTC London Irina Slepneva, market representative of MTC based in Russia	12 December



*Visitors from International Association of Machinists and Aerospace Workers (Woodworkers Department), BWI Asia-Pacific and TEUPM*



*Visitors from Royal Jongeneel B.V., The Netherlands*



*Visitors from The Nigerian Tree Planters*



*Technical delegation from Vietnam*



*Visitors from Stihl, The Netherlands*

MTCC participated in the following events in 2008:

Fairs/Exhibitions	Date	Venue
Expo Commodity 2008	21 - 29 February	Miri
Spoga 2008	31 August - 2 September	Cologne, Germany

International Conferences/Seminars/Workshops/Meetings	Date	Venue
7 <sup>th</sup> Meeting of Working Group on Pan ASEAN Timber Certification Initiative*	2 - 3 April	Nay Pyi Taw, Myanmar
International Palm Oil Sustainability Conference	13 - 15 April	Kota Kinabalu
22 <sup>nd</sup> Session of the Asia-Pacific (AP) Forestry Commission - AP Forestry Week	21 - 16 April	Hanoi, Vietnam
Seminar of the Pacific Accreditation Cooperation (PAC) 15 <sup>th</sup> Plenary Meeting	23 June	Kuala Lumpur
Training Workshop on Timber Verification of Legality Systems	21 - 23 July	Bandar Seri Begawan, Brunei Darussalam
11 <sup>th</sup> Meeting of the ASEAN Senior Officials on Forestry (ASOF) & Related Meetings	31 July	Kuala Lumpur
12 <sup>th</sup> PEFC Council General Assembly	31 October - 2 November	Canberra, Australia
44 <sup>th</sup> Session of International Timber Tropical Council (ITTC)	3 - 8 November	Yokohama, Japan
Fourth Meeting of Malaysia-Australia Agriculture Cooperation Working Group and Third Meeting of Technical Working Group	24 November	Putrajaya

\* MTCC made presentation on its scheme and related activities at the event



Local Conferences/Seminars/Workshops/Meetings	Date	Venue
Briefing to Wood Resource Task Force Meeting* (Malaysian Particle Board Manufacturers and Suppliers)	25 January	Kuala Lumpur
First Workshop on National Timber Industry Policy (NATIP)	3 - 4 February	Port Dickson
Second Workshop on NATIP	18 February	Putrajaya
Brainstorming Session of Ministry of Plantation Industries and Commodities, 2008	20 - 21 February	Miri
Seminar on Timber Certification and Forest Law Enforcement Governance and Trade (FLEGT)	29 February	Kota Kinabalu
Fourth Stakeholder Consultation on EU-FLEGT VPA	17 - 18 March	Kuala Lumpur
Workshop on <i>Towards Further Improving Malaysia's Forestry Management: Good Governance and Best Practices in the Forestry Sector</i>	24 - 25 March	Petaling Jaya
Briefing on FLEGT VPA to timber industry	7 April	Kuala Lumpur
Workshop on Forest Certification in compliance with <i>MC&amp;I(2002)*</i>	17 April	Kemaman
MTC Annual Timber Research and Industry briefing	22 April	Kuala Lumpur
MTC Product Focus Group briefing *	15 May	Kuala Lumpur
MTC Local Media Program*	26 - 29 May	Kuala Lumpur
HCVF National Toolkit Expert Review Meeting	27 - 28 May	Kuala Lumpur
SGS Malaysia Sdn. Bhd. Training Course on PEFC Technical Document - Annex 4	30 June - 1 July	Kuala Lumpur
Seminar on Incentives for the Wood-Based Sector	4 June	Kuala Lumpur
CETDEM Seminar on Concrete Action on Climate Change	5 June	Petaling Jaya
Forestry Seminar for Trade Union Leaders in Malaysian Forestry & Woodbased Industries	29 June	Kuching
Forum on ISO/CD 17021-2, Conformity Assessment - Requirements for Third-Party Certification Auditing of Management Systems	1 July	Shah Alam
MTC Familiarisation Programme*	7 - 9 July	Sungai Tekala
Seminar on Alternative Raw Materials for the Panel Board Industry, Forestry Faculty, UPM	29 July	Kuala Lumpur
Fifth Stakeholder Consultation on EU-FLEGT VPA	11 - 12 August	Kuala Lumpur

\* MTCC made presentation on its scheme and related activities at the event

Local Conferences/Seminars/Workshops/Meetings	Date	Venue
MTC Timber Talk - <i>Timber and the Environment - What Price Perceptions</i>	14 August	Kuala Lumpur
Workshop on Guidelines for Conflict Resolution	14 - 15 August	Kuching
Roundtable Dialogue: " <i>Journey in the Forest: Reflections of Malaysian Foresters</i> " [Universiti Kebangsaan Malaysia (UKM)]	26 August	Bangi
The National Furniture Forum organised by Malaysian Furniture Promotion Council (MFPC)	14 October	Kuala Lumpur
Briefing to Jabatan Audit Negara*	17 October	Putrajaya
Malaysian Forestry Conference	20 - 25 October	Kuching
MTC Timber Talk - <i>Today's Door - There's More Than Meets The Eye</i>	4 November	Banting
FDPM Seminar on Round Wood Plantations	13 November	Petaling Jaya
The Hap Seng Public Lecture Series " <i>Palm Oil: Food or Bio-Fuel Policy Implications for the Future</i> " (by YB Datuk Peter Chin)	17 November	Kuala Lumpur
Forum Pemindahan Teknologi 2008 (FRIM)	25 - 26 November	Kuala Lumpur
Seminar on Natural Fibre Composites (MTIB)	3 December	Kuala Lumpur
MTC Meeting with Timber Industry	15 December	Kuala Lumpur

\* MTCC made presentation on its scheme and related activities at the event



Training workshop on timber verification of legality systems, Bandar Seri Begawan



Dato' Freezailah briefing senior officials of Jabatan Audit Negara, Putrajaya

## FINANCIAL STATEMENTS

### BALANCE SHEET AS AT 31 DECEMBER 2008

	2008 RM	2007 RM
<b>ENDOWMENT FUND</b>	84,000,000	84,000,000
<b>ACCUMULATED FUND</b>	2,334,700	2,346,804
<b>GOVERNMENT GRANT</b>	-	-
	<b>86,334,700</b>	<b>86,346,804</b>
<i>Represented by:</i>		
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>	78,778	119,919
<b>CURRENT ASSETS</b>		
Trade receivables	193,800	189,221
Sundry receivables and deposits	2,825,690	701,109
Short term investments	16,161,833	8,460,063
Fixed deposits with licensed banks	67,070,718	77,155,739
Cash and bank balances	200,134	266,783
	86,452,175	86,772,915
<i>Less :</i>		
<b>CURRENT LIABILITIES</b>		
Sundry payables and accruals	186,917	543,504
Current tax liability	9,336	2,526
<b>NET CURRENT ASSETS</b>	86,255,922	86,226,885
	<b>86,334,700</b>	<b>86,346,804</b>

### INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 RM	2007 RM
Revenue	402,236	599,871
Direct costs	(384,935)	(577,255)
Gross (loss) / profit	17,391	22,616
Other operating income	80,500	4,758
Administrative and general expenses	(2,618,306)	(2,386,750)
Deficit from operations	(2,520,415)	(2,359,376)
Interest income	2,515,121	2,530,388
Surplus (Deficit before taxation)	(5,294)	171,012
Tax expense	(6,810)	(2,526)
<b>NET SURPLUS FOR THE YEAR</b>	<b>(12,104)</b>	<b>168,486</b>